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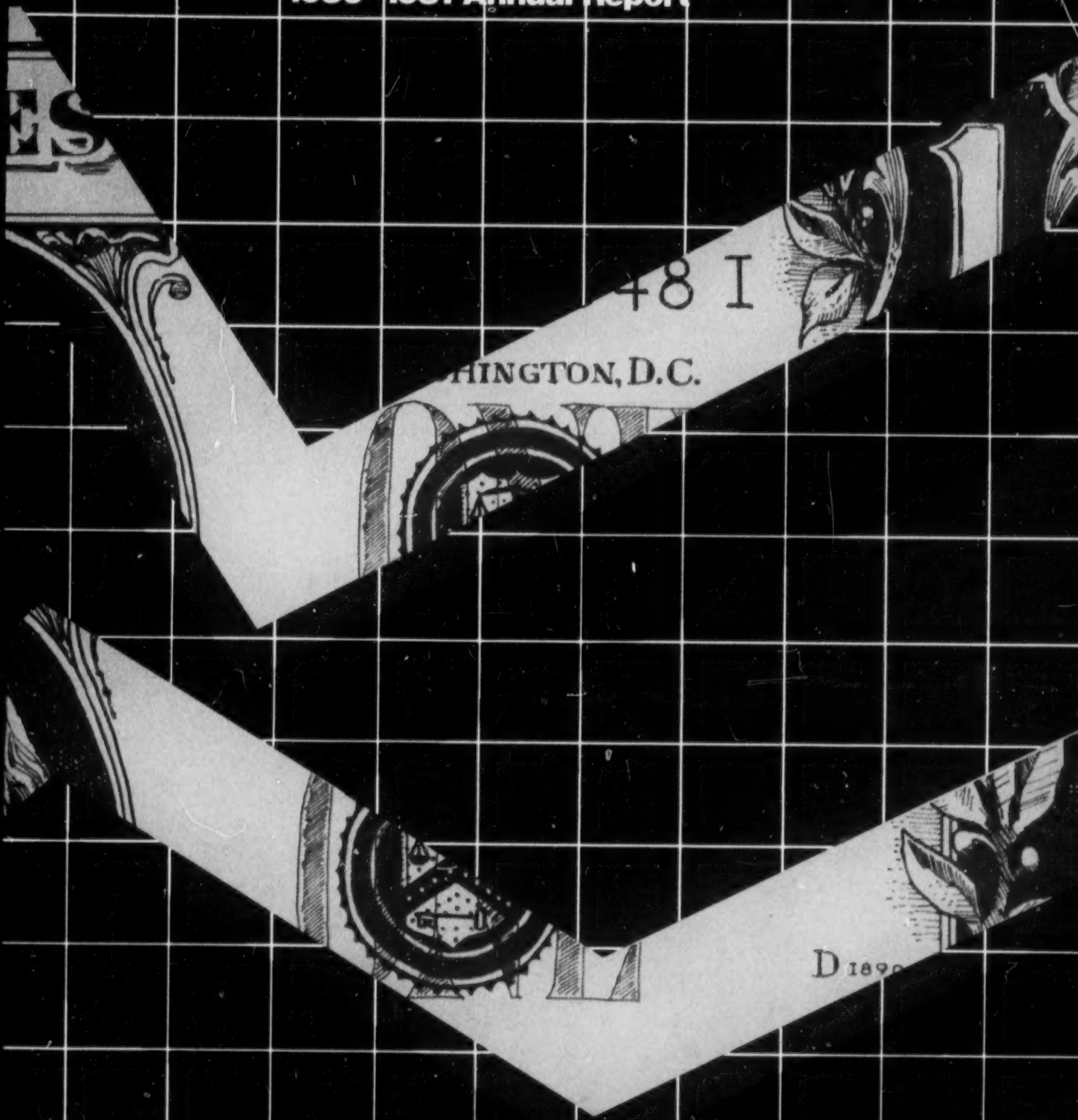
California Public Utilities Commission
1980-1981 Annual Report



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PUBLIC UTILITIES COMMISSION

STATE OF CALIFORNIA
1980–81 Fiscal Year

JOHN F. BRYSON, *President*

RICHARD D. GRAVELLE, *Commissioner*

VICTOR CALVO, *Commissioner*

VERNON L. STURGEON*, *Commissioner*

LEONARD M. GRIMES, Jr., *Commissioner*

PRISCILLA C. GREW, *Commissioner*

CLAIRE T. DEDRICK*, *Commissioner*

* Term expired December 31, 1980

PUBLIC UTILITIES COMMISSION

State of California

ANNUAL REPORT

1980–81 Fiscal Year

July 1, 1980

to

June 30, 1981

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Public Utilities Commission

STATE OF CALIFORNIA

December 1, 1981

The Honorable EDMUND G. BROWN Jr.
Governor of California

The past 12 months have been filled with unprecedented financial turmoil for the utilities we regulate—and for many of their customers. The general inflation in the American economy, coupled with interest rates at record levels, caused California's investor-owned utilities to seek rate increases totaling $1,693,150,062. We processed 1,289 cases to decisions.

California's utilities and their ratepayers were major victims of the nation's money crunch. Utilities must borrow money, in enormous amounts, to pay for the electric, gas, water and telephone connections that new businesses and new residents demand, and for the modernization necessary to provide efficient service to both present and new customers.

During the past 12 months, utilities have had to pay as much as 18 percent for this money and record interest rates have inevitably led to record requests for rate increases.

Not long ago, California utilities were financially stable and their rates predictable. This is no longer true. It is increasingly difficult for the Commission to find the balance it must seek to achieve: financially healthy companies that can provide the gas, electric, telephone, water and transportation services Californians want and at the same time provide service to consumers at the lowest reasonable rates.

We made substantial changes in our operations to try to achieve these objectives. For example, we have improved the fuel adjustment charge so that utilities more quickly receive rates reflecting the real prices of the fuel used to generate electricity and to provide gas heating, while at the same time providing incentives for utilities to bargain closely for the best prices they can obtain from their suppliers. We also provided "attrition allowances," which provide for utility rates that reflect changes in inflation but reduce the companies' need to borrow funds at high interest rates.

Electric Utilities—For California's electric utilities, 1980–81 marked a major turning point.

The two largest electric utilities, Pacific Gas and Electric Co. and Southern California Edison Co. made major commitments to developing alternate energy technologies such as cogeneration, wind, biomass and geothermal. At the same time, the two utilities withdrew their application for the construction of the Allen-Warner coal plants in Nevada and Utah, signaling their decision to postpone construction of new baseload plants.

These and other electric utilities continued to face the serious problem of depending greatly on oil as a fuel to generate electricity. With more than 50 percent of current electric supply produced from oil or natural gas, the state remained vulnerable to escalating fuel prices, supply interruptions and fuel shortages. The pursuit of alternate energy sources and conservation came increasingly to be seen as the most economical response to this critical problem.

As a means of encouraging the development of small scale alternate energy resources, the PUC refined its pricing guidelines for the purchase of energy from private energy producers. This generated great interest and the final pricing rules, soon to be issued, should provide the impetus for additional development of electric generation by non-regulated companies and individuals.

Natural Gas—The natural gas outlook remained favorable. Increasing exploration brought in new supplies and conservation reduced demand. We now expect enough gas for top priority uses throughout the decade and are optimistic about the supply for other uses. The fate of several proposed gas supply projects, including the LNG Terminal at Point Conception in Santa Barbara County and the Alaska Natural Gas pipeline will be major issues in the coming year.

During the year the Commission approved the first phase of the zero-interest loan program for PG&E. This program provides no-interest loans for weatherstripping and other simple steps that make California residences more efficient in saving the energy they use. By our calculations, through such programs natural gas can be produced at 33% of what it would cost from conventional sources (and electricity at 29%) thereby saving money for all ratepayers. We intend to authorize this program for all the investor-utilities throughout the state in the coming year.

We also approved a utility solar demonstration program with attractive financial incentives to test the ability of solar energy to meet a portion of California's energy demand.

Telephone—No industry we regulate is changing more than the telephone industry. Once a total monopoly, the telephone industry was regulated by the government for the benefit of the ratepayers. Now, the trend is to less regulation—in some cases, no regulation at all—and protection of the consumer through greater reliance on marketplace competition.

The Federal Communications Commission has ordered a fundamental change in the nation's telephone industry, which could take effect as early as 1982. The Bell System has been ordered to establish a "fully separated subsidiary" to market telephone equipment. Prices for telephone equipment, from the ordinary dial phone to the most complex office switchboards, will no longer be set by government regulation, but rather by marketplace competition. Government will continue to regulate the prices and services provided by the telephone networks.

This shift involves not only very complex issues, but billions of dollars.

In August of 1980 we warned that legislation pending in the Congress would threaten the ability of a substantial segment of the public to afford the cost of a telephone in their homes. That legislation, the Telecommunications Act of 1980, would have increased monthly local telephone charges by $24, an increase of 400%. The bill died, but a number of its objectionable features have been resurrected in the Telecommunications Competition and Deregulation Act of 1981, introduced in the U.S. Senate this year.

Meanwhile California's two major telephone utilities continued enormous construction programs to meet the demands of growth and the need to modernize. Rate increases were authorized for both major utilities to accomplish these goals, but California's rates still remain among the lowest in the nation.

Transportation—We continue to implement the progressive "reregulation" of trucking, seeking to decrease the extent of government regulation and place greater reliance on marketplace conditions to provide good service at low rates.

Water—California's privately-owned water companies, which serve more than 1,150,000 customers, are generally of two types: the relatively large, financially stable companies, whose rates and service we regulate much as we do electric and telephone companies; and about 300 extremely small customers, some with as few as 15 customers.

These smaller companies, many created years ago as part of development of a rural area, often have insufficient water supplies, financial strength, and managerial ability. We continue to urge that, where these smaller companies lack the stability to serve their customers well, they be merged into stronger, large water companies, or transformed into mutual, customer-owned water systems.

Public Concern—As utility rates increase, sometimes sharply, so does public concern. We have directed utilities to make the format of their bills as clear as possible and to explain as widely as possible exactly how rates are determined.

Utility rates were once a relatively minor part of most people's budgets. However, the rapid increases in the price of oil and gas from foreign and out-of-state suppliers have had to be translated into gas, electric and water bills that mean real hardship for many people. At the same time, the billions of dollars funneled to fuel suppliers have not meant one penny of profit for the utility companies themselves. We have tried during the past year, and we pledge to continue in coming years, to work for the maintenance of utilities with the financial strength to provide the service Californians want, and to keep rates as low as we possibly can.

Respectfully submitted,

JOHN E. BRYSON
President

RICHARD D. GRAVELLE
Commissioner

LEONARD M. GRIMES, JR.
Commissioner

VICTOR CALVO
Commissioner

PRISCILLA C. GREW
Commissioner

The Commission

JOHN E. BRYSON
President

Commissioner Bryson was appointed to the Public Utilities Commission by Governor Edmund G. Brown Jr. on January 26, 1979. He was elected president of the PUC on January 30, 1979. His term expires December 31, 1984.

Commissioner Bryson was born in 1943 in New York City and received his elementary and secondary education in Portland, Oregon. Graduated from Stanford University in 1965 with a B.A. degree, he took graduate studies at Freie Universität in Berlin and Yale Law School, receiving a J.D. degree in 1969.

He has served as an aide, intern or law clerk for members of Congress, government agencies, and the federal courts. In 1970, he became attorney and co-founder of the Natural Resources Defense Council, a national public interest environmental law firm, with offices in New York, Washington, D.C. and Palo Alto.

In 1975, he returned to the private practice of law in Portland, Oregon, and also served as vice-chairman of the Oregon Energy Facility Siting Council, which exercises authority over the siting of facilities and transmission lines, and the safety of transport and storage of nuclear materials and waste.

Prior to his appointment to the PUC, he served as chairman of the State Water Resources Control Board at Sacramento. That board administers both California's waste pollution control and water rights program.

Commissioner Bryson is married, has two children, and currently resides in San Francisco. He is the author of several articles in the field of environmental law.

RICHARD D. GRAVELLE
Commissioner

Commissioner Gravelle was appointed to the PUC by Governor Edmund G. Brown Jr. on January 26, 1977 for a six-year term, which expires on December 31, 1982.

He was born in Portland, Oregon, December 5, 1926, and grew up in San Francisco, attending school at St. Ignatius High School, the University of California at Berkeley, the University of San Francisco and USF School of Law, receiving a B.S. degree in political Science in 1950 and his LL. B. degree in 1954.

Commissioner Gravelle engaged in private general law practice from 1956–59 in San Francisco, including Federal District Court, State Court and Administrative trial work. He joined the staff of the Public Utilities Commission in 1959 and his duties have included: legal assistant to two Commissioners; trial counsel in the Legal Division; hearing examiner and decision writer; supervising attorney and trial attorney, general counsel and head of the PUC's Legal Division, and Commissioner.

Commissioner Gravelle also serves as a Commissioner on the California Transportation Commission, appointed by the Governor. In addition, he is a member of the Committee on Communications of the National Association of Regulatory Utility Commissioners, and president of the Western Conference of Public Service Commissions, an affiliate of the NARUC.

He served in the U.S. Navy, receiving his honorable discharge in 1946. He resides in Daly City with his wife and four sons.

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LEONARD M. GRIMES, JR.
Commissioner

Commissioner Grimes was appointed to the PUC by Governor Edmund G. Brown Jr. on January 26, 1979 for a six-year term. He was formerly the Secretary of the State and Consumer Services Agency, having been named to that Cabinet post in March 1977.

Prior to assuming the post of Agency Secretary, Commissioner Grimes was Director of the State Department of General Services, having been appointed to that position in February 1975.

Commissioner Grimes was born in Los Angeles in 1923 where he lived until moving to Sacramento. He served in World War II in the Pacific, receiving an honorable discharge in 1946. He graduated from the University of Southern California with a B.S. degree in Business Administration in 1952, while working for Golden State Mutual Life Insurance Company, the largest western black-owned life insurance company. Before entering state service he was vice president of the company.

His work with GSM ranged from public relations and advertising to business systems (including installation and management of the company's computer operations, purchasing, property management, general corporation administration and services. He was a member of related business and professional associations and worked with many community organizations either as an officer or advisor.

Commissioner Grimes is a registered Democrat and a Black American.

VICTOR CALVO
Commissioner

Commissioner Calvo was appointed to the PUC on February 19, 1981 by Governor Edmund G. Brown Jr. for a six-year term.

He was formerly the Assemblyman from the 21st District and had served in the State Legislature since 1974. In the Assembly he was chairman, Committee on Resources, Land Use and Energy and a member of the Assembly Committees on Finance, Insurance and Commerce; Transportation; and Policy Research Management.

Prior to service in the Legislature, Commissioner Calvo was a former County Supervisor, Santa Clara County, as well as a former Mayor and City Councilman of Mountain View. He served on a number of San Francisco Bay Area Regional Associations, including Air Pollution Control, Association of Bay Area Governments and the Bay Conservation and Development Commission.

He attended Mountain View schools and Stanford University, receiving a B.A. degree in Political Science. A veteran of the U.S. Air Force, he is married to Nellie Quintero and has five children: Suzanna, Victor, Peter, Theodore and Mary.

Commissioner Calvo is in the lumber business.

PRISCILLA C. GREW
Commissioner

Dr. Priscilla C. Grew was appointed to the PUC on March 25, 1981 by Governor Edmund G. Brown Jr. for a six-year term.

From 1977 to 1981, Dr. Grew was Director of the California Department of Conservation which regulates oil, gas and geothermal well operations and performs geothermal resources assessments in the state.

She chaired the State Geothermal Task Force in 1977–78, which formulated recommendations to accelerate geothermal development in California. Her experience in the geothermal energy field also includes service from 1972 to 1977 as a Consultant and Visiting Staff Member at the Los Alamos Scientific Laboratory, where she worked on geological aspects of the innovative hot dry rock technology.

Dr. Grew received her Ph.D. in Geology from the University of California, Berkeley, and her B.A. in Geology from Bryn Mawr College. She has taught geology and environmental studies at Boston College, U.C. Davis, and UCLA.

From 1971 to 1977, she was Assistant Research Geologist at the Institute of Geophysics and Planetary Physics at UCLA. Her research has included studies of metamorphic rocks, earthquakes, and coal resource development in the Colorado River Basin.

Commissioner Grew was recently appointed by Interior Secretary James Watt to a second two-year term on the National Earthquake Studies Advisory Panel of the U.S. Geological Survey.

VERNON L. STURGEON
Commissioner

Vernon L. Sturgeon, *Commissioner*—Appointed Commissioner, September 2, 1969; reappointed for six-year term on December 29, 1972; served as president of the commission. He was re-appointed by Governor Brown on January 26, 1979 to fill the 2-year unexpired term of Commissioner Batinovich, who resigned. His term expired on December 31, 1980.

Born October 1, 1915, of a pioneer California family temporarily living in Arizona; he returned to California with his family at one year of age. He attended California public schools and worked on the family ranch. He was owner-operator of a milk distributorship plant in the City of Paso Robles since 1940; which is now operated by his son. He has had extensive government experience as Paso Robles Water commissioner, 1952–54; Police Commissioner, 1954–56; City Council member, elected for three four-year terms; Mayor of Paso Robles, elected three times before being elected to State Senate in 1960 from San Luis Obispo County. He served in the Senate until January 1, 1967. He was appointed Legislative Secretary by Governor Ronald Reagan and was appointed Chief Deputy Director, Department of Public Works, February 13, 1968 before being appointed to PUC. Elected president of the Commission on July 1, 1972, he was reelected July 1, 1973.

CLAIRE T. DEDRICK
Commissioner

Claire T. Dedrick, was appointed to the PUC by Governor Edmund G. Brown Jr. on June 23, 1977. Her term expired on December 31, 1980.

Born in Logan, Utah on June 28, 1930, Mrs. Dedrick did her undergraduate studies in biological sciences and botany at the Universities of Utah and Arizona State, receiving a Bachelor of Science degree in 1952. In 1965 she received her doctorate in microbiology from Stanford University.

Prior to her appointment to the PUC, she served in the Governor's cabinet as Secretary for Resources, The Resources Agency, since January 4, 1975.

She has been an active conservationist and has served as a past director and first vice president of the Sierra Club; founder and director of the Peninsula Conservation Center; cofounder, Save Our Bay Action Committee; advisory board, Modern Transit Society; past director and treasurer, Western Institute of Aviation; past director and vice president of the California League of Conservation Voters.

She is married to Kent G. Dedrick. Presently resides in Sacramento.

Issues and Programs

ENERGY

Public Participation

Higher utility bills for Californians in recent years have generated greater public awareness of the Commission's role in setting rates.

The awareness evolved during the 1980–81 fiscal year into demands by customers seeking ways to participate in the rate-setting process.

In response, the Commission during the year explored ways to accommodate its formal procedures to widen participation. New methods were tried, outside the formal legal process of public hearings, to make sure customers' voices were heard. In turn, the Commission gained a new awareness of the need to de-mystify its formal and legalistic rate-setting procedures.

One new forum was the informal meeting. There, one of the five commissioners presided, often with an administrative law judge and an attorney. Their aim was to hear how the customer viewed issues and problems of cost or quality of service. At more than a dozen meetings held in communities throughout California on lifeline rates, for example, thousands of customers aired their experiences and opinions. From the meetings came a clear focus of the issues that the Commission otherwise might not have gained, which sharpened its own investigation into lifeline rates (Order Instituting Investigation No. 77).

A customer attitude survey, in the form of a questionnaire on quality and reliability of service, was also used in conjunction with the public witness hearings on the general rate application of the General Telephone Company.

Increasing participation in the Commission's formal public hearing process was also encouraged. Interested parties or intervenors could enter the case after the prehearing conference, and large numbers took advantage of this flexibility. In the Pacific Gas and Electric general rate case which opened during the year, 39 parties made appearances in the course of the formal proceedings. That number compares with 21 parties who participated in the company's general rate application hearings two years earlier. Correspondence from the public related to the case increased four-fold, a fact which impressed the assigned administrative law judge and which will weigh in the final decision.

Another effort to develop wider participation came out of the Commission decision to approve compensation to intervenors in the formal public hearings, if they can show a significant contribution. Eligible are groups or individuals participating in rate cases for electric utilities. Although there were no awards during the year, the program to reimburse reasonable costs in participating in the proceedings can assure a balance of viewpoints as the basis for final decisions.

The formal proceedings are being opened up in other ways. Increasingly, oral arguments *en banc* are being held at the conclusion of public hearings for testimony and evidence in major cases before the Commission. At the oral arguments, which are open to the public, the five commissioners attend and hear summations of the testimony of parties to the case. This sharpens the issues for the commissioners and educates the public about the specific case. The public is also exposed to the legal constraints surrounding commission procedures. Four oral arguments *en banc* were held in 1980–81.

Those formal procedures and the issues handled through them are complex. To help define and clarify them, the Commission published during the year a comprehensive handbook, "Regulation of Public Utilities and Transportation Companies in the State of California." In it are explained the technical terms associated with public utility industries, the manner in which they are regulated and how rates are established. The Commission's authority and responsibility are described, as well as how issues are evaluated and decisions made.

Energy

Reflecting the dynamic changes that have occurred in the energy and related areas with which it must deal, the Commission during recent years has taken a number of innovative steps to meet the fluid financial, supply, environmental and ancillary issues confronting it and the utilities it regulates.

In order to do this, a restricting of traditional approaches was necessary. Staff activities, as a result underwent changes which brought the various disciplines into closer coordination. The engineering, accounting, financial and legal disciplines of the PUC staff have thus been able to bring their respective areas of expertise together on a better organized basis in order to process the great variety of cases that come before the Commission for decision.

The major responsibility of the PUC remains to set utility and transportation rates that are just and reasonable. This report is therefore program and issue-oriented. Reference to staff activities is made on a combined basis, without specific reference to the

various disciplines involved. The financial aspects are dealt with elsewhere in this report.

Rates

There are several types of rate proceedings involving energy-related subjects that come before the Commission in addition to general rate applications. These include energy cost adjustments for both gas and electricity, filed under the appropriate cost adjustment clauses promulgated by the Commission since the 1973 Arab Oil Embargo and the rapid escalation of fuel prices for both oil and natural gas. There are also rate proceedings that reflect specific financing costs to the utilities in order to carry out various conservation and gas exploration and development projects.

By far the greatest impact on utility rates in recent years has resulted in increases in the costs of fuel. As a result energy cost adjustments and gas cost adjustments have resulted in greater increases in rates than general rate cases.

Energy Cost Adjustment Clause

During the past year the PUC concluded its Order Instituting Investigation (OII #56) and adopted extensive changes in the Energy Cost Adjustment Clause (ECAC) which passes through fuel and purchased energy costs to the ratepayer. Some of the more important changes included:

- There will be three ECAC cases a year per utility instead of two. Since four utilities have ECAC, one application will have to be processed each month.
- Rates are to be based on estimated data for the future four-month period during which they will be in effect. Previously rates for future periods were based on recorded data for a past 12-month period.
- The period over which overcollections and undercollections will be amortized may vary from four to 12 months rather than the previous fixed 12 months.
- Interest to be paid on overcollections and undercollections was changed from a fixed 7% to the Federal Reserve three-month commercial paper rate as this more accurately reflects the utilities' actual costs of money.
- The reasonableness of each utility's energy costs will be reviewed once a year.

Solar Water Heating

During 1980, the Commission ordered the four major energy utilities—Pacific Gas and Electric, Southern California Edison, Southern California Gas and San Diego Gas and Electric—to implement demonstration solar financing programs for residential (domestic) solar water heaters. The Commission authorized initial year rate relief of $16 million to carry out these programs.

The financing program was initially intended to include both loans and rebates. However, program experience led to the decision to favor rebates over loans. Under the program rebates are to be paid quarterly over a 3 to 4-year period and vary from $288 per multi-family unit to $960 for a single-family residence with gas water heating.

The program goal is 379,000 units. In the single-family gas sector the program has received enthusiastic response. The rebates were essentially used up during the first three months in the SDG&E service area. In the single-family electric and multi-family housing sectors, response remains low.

By using a computer program to perform these calculations for the solar financing program, the staff was able to estimate the costs of conserved energy from a conservation program under a wide variety of alternative scenarios quickly and efficiently.

Zero Interest Insulation Financing (ZIP)

In 1978, the Commission initiated Case 10032, which led to the institution of 8% loans for up to $500, accompanied by hardware and cash incentives, to encourage the installation of attic insulation.

This program is slowly being phased out and replaced with the new Zero Interest Program. ZIP features 0% loans for a variety of residential weatherization and conservation retrofit measures. A ZIP program is currently being operated by Pacific Power & Light Company. Pacific Gas and Electric Company and Southern California Edison Company have initiated ZIP in limited portions of their service territories. Hearings are currently planned or are in progress for expansion of PG&E's and SCE's ZIP programs, as well as for ZIP programs for the other energy utilities.

Significant work for the PG&E proposal to implement a ZIP program was made by the staff's Special Economic Project Section, which provided testimony on the appropriate cost-effectiveness test, the desirability of leverage subsidiary financing of ZIP and the expected cost-effectiveness of the separate conservation measures proposed for inclusion in ZIP.

These areas of analysis have been facilitated by the development by the staff of the energy conservation cost effectiveness (ECCE) computer program. This computer program estimates the cost of conserved energy (in dollars per kilowatthour or therm) from the perspectives of the conservation program participant, the ratepayer who does not participate in the program, the utility, and society at large.

Special Economic Projects

Special economic projects were expanded during the past fiscal year. The staff performed economic and financial analyses of a number of alternative energy projects. A major contribution was made in the Demonstration Solar Financing Program and the Zero Interest Plan, already mentioned above.

In other areas, the staff also analyzed Southern California Edison's application for authority to construct a geothermal electric generating station at Heber, California, and PG&E's request to invest in the Coolwater coal gasification combined cycle demonstration project.

Cost-Based Rates and Resource Planning

The Commission has been one of the national leaders in the development of cost-based rates. These studies called Marginal Cost Analyses have been used to provide consumers more accurate price signals of the present and future costs of electric power. The analysts use such tools as computer-based production simulation models which were implemented last year and allow the Commission staff to respond with greater accuracy, speed and sophistication in the areas of rate design, avoided costs, and resource planning. These computer models were developed and implemented under a grant from the U.S. Department of Energy.

Lifeline Rate Adjustments

Lifeline rates are the rates utilities charge for minimum quantities of energy for basic residential uses such as space heating and cooling, water heating, cooking, refrigeration and lighting.

During the fiscal year, the Commission considered expanding the end-uses subject to lifeline rates. The first phase of this investigation resulted in changes to existing lifeline air-conditioning allowances on an interim basis but further extensive studies are required before final allowances are adopted.

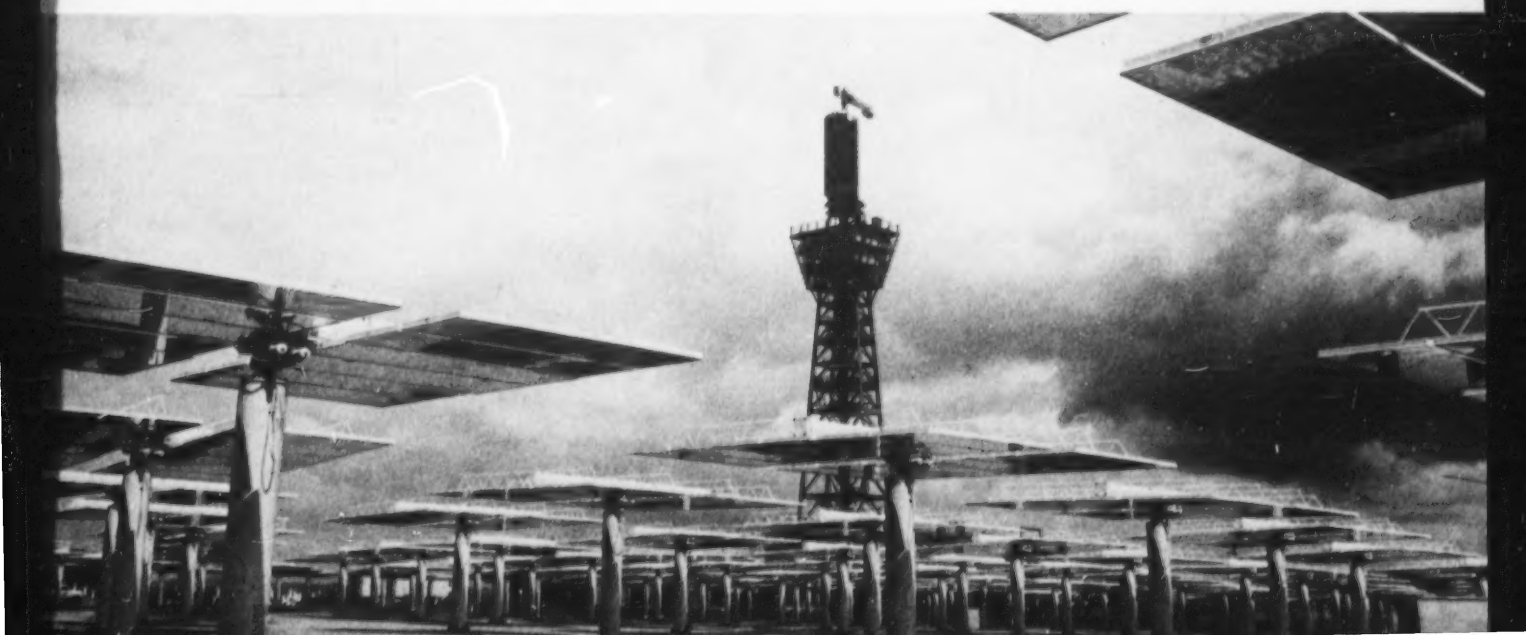
Literally, the hottest issue concerning electricity was an appeal from low-desert areas for a summer air-conditioning lifeline level well above the 500 kilowatthours a month authorized in 1979. Many informal meetings were held with desert officials in an attempt to find a solution that would ease payment of high bills without unduly burdening other customers.

The lifeline rates were revised January 1, 1981 to provide multiple sclerosis patients and paraplegic/quadriplegic and other disabled persons with an additional lifeline allowance. Lifeline allowances for summer space heating were also authorized for the cooler coastal areas in the PG&E service area beginning May 1, 1981.

Incorrect Billings

An EDP audit of PG&E's lifeline billing operations resulted in identifying thousands of customers who either were not receiving space heating allowances or were receiving incorrect allowances. Records of 3.4 million residential customers were compared with criteria selected to determine those customers with gas or electric usage most likely to be coded incorrectly. From this population, the Computer Audit Retrieval System software package was used to select a statistically determined random sample. An audit of the customers in the sample indicated thousands of lifeline billing errors. Based on these results, the company instituted a refund plan to pay back these customers for overcharges due to incorrect lifeline coding. PG&E estimated that as much as $10 million may be refunded.

Solar One, the nation's largest central station solar generating facility being constructed near Daggett is a cooperative effort by Southern California Edison, the Department of Energy, the Los Angeles Department of Water and Power and the California Energy Commission.



Loads and Resources

Significant changes have occurred in the area of load changes and resource planning. A basic policy change by Southern California Edison Company (SCE) and withdrawal by Pacific Gas and Electric Company (PG&E) from the Allen-Warner Valley Project suggest a new emphasis by these and other utilities on renewable resources, hydropower and transmission line interconnections to meet electrical energy needs. Plans for conventional plants have been modified and delayed, and creative new generation methods are being investigated. An apparent diminishing load growth rate is allowing the utilities and this Commission the time to pause and decide on the sources of the state's future electrical supply.

PG&E should be able to use Diablo Canyon 1 and 2 nuclear units and Helms Pumped Storage Plant to meet near-term energy needs. It is planning to develop a 350-megawatt windfarm and will purchase 30 megawatts of capacity from a facility to be owned and operated by U.S. Windpower as well. It has also petitioned to participate in the SCE-Texaco Coal Gasification project at Coolwater in anticipation of both electrical and synthetic natural gas generation from coal. PG&E is also planning to purchase the output of a 50-megawatt pelletized biomass plant at an initial price of 5¢ per kilowatt hour.

SCE has been very active in coal gasification, coal and combined cycle turbine power, and windpower. In October 1980, SCE announced a major change in resource planning. The company will research magnetohydrodynamics, fusion, solar ponds, coal gasification and ocean thermal methods of power generation. The utility estimates that 30% of all new additions will be alternate energy resources including biomass and geothermal power from Mexico.

SCE plans to develop extensive windfarms in the San Gorgonio area near Palm Springs. The utility is presently installing a three-megawatt rotor at Devers, seven miles north of Palm Springs. An SCE Wind Program Opportunity Announcement, issued last October, received 16 responses. So far, two letters of intent have been signed, one for a 20-megawatt unit and one for a five-megawatt unit. The purchase price will be less than the utility's avoided cost of new supply.

In August 1980, SCE filed a request for a Certificate of Public Convenience and Necessity for its proposed Lucerne Valley Combustion Turbine Generating Station. The project will consist of 20 combustion turbines, to be installed northwest of Los Angeles, which will produce 1,290 megawatts of power. Completion of the first six units is scheduled for 1985.

SCE requested approval for participation in the 100-megawatt coal gasification facility at Coolwater. Its application was approved September 19, 1980.

A concept of how the large wind turbine-generator being built for Pacific Gas and Electric near Fairfield will look when completed. Its tower will be 200 feet high and its steel blades 300 feet from tip to tip.

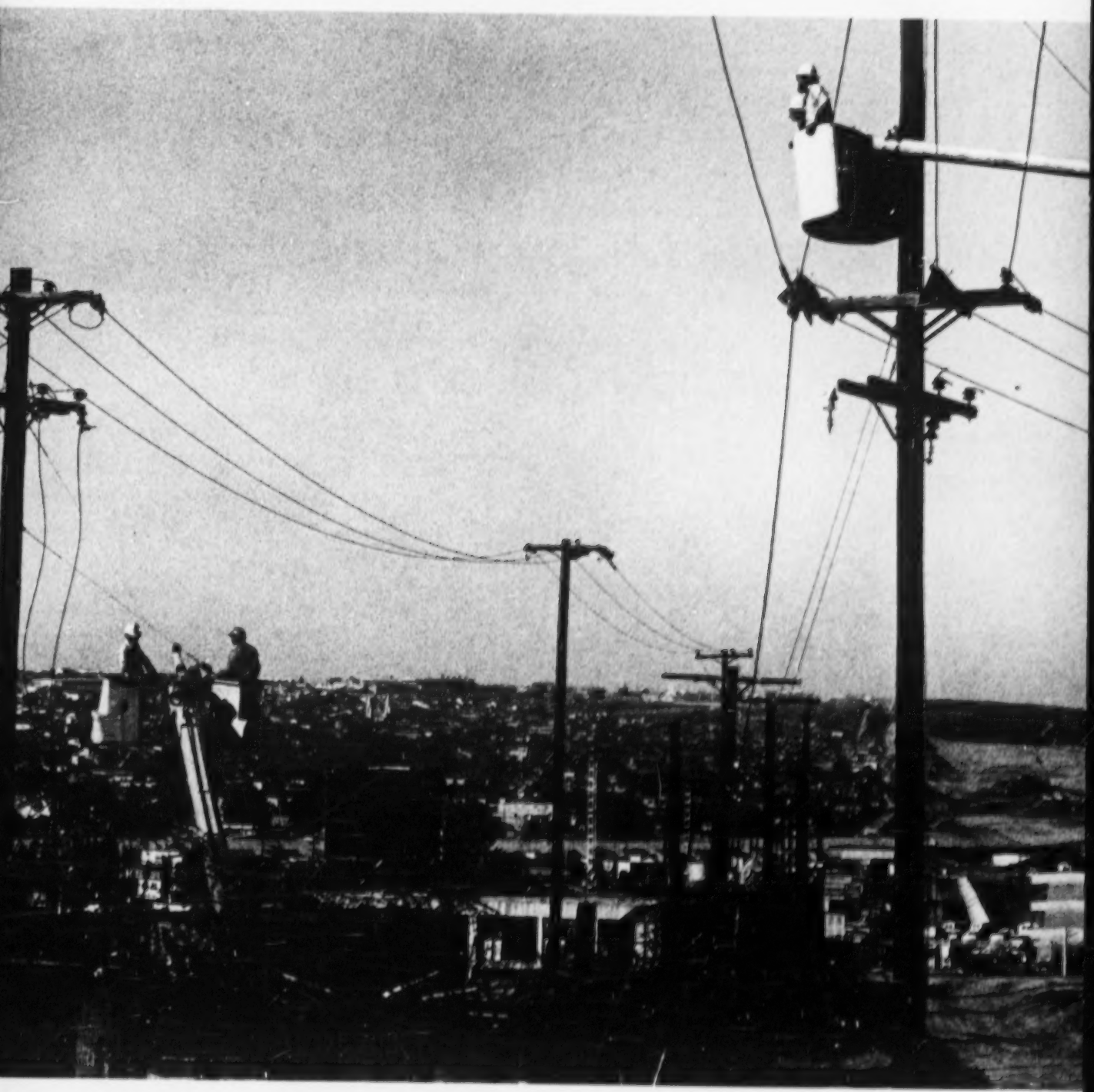
Summer Fuel and Power Situation

The fuel situation and reliability of power for the summer of 1981 was reviewed under Case No. 9884. It is being continued into a five-year investigation under OII-89 in association with the California Energy Commission. It is expected that 1981 will be a relatively safe and reliable year with abundant fuel oil and average hydroelectric power available.

Transmission Lines to Arizona and Mexico

New transmission lines are being planned and constructed between Arizona and California and between Mexico and California to import purchased electric power. SCE is completing installation of a transmission line from Palo Verde Nuclear Plant to Devers substation near Palm Springs. In October 1980, SCE filed Applications 59982 and 59983 requesting authority to continue this line to the eastern Los Angeles Basin and tie in to existing transmission lines from Hoover Dam.

Hearings for San Diego Gas & Electric Company's (SDG&E) Mexico Interconnection were held in March 1981. Reconsideration of the decision was requested by developers and, after slight rerouting, permission for the line was granted. A presidential permit has been issued by the United States. This transmission line will carry power from geothermal generating facilities in northern Baja California to SDG&E.



THE MEXICAN CONNECTION—Mexican and San Diego Gas and Electric crews work in international cooperation to string line across the border at San Ysidro Substation. SDG&E will receive up to 30 megawatts of Mexican power to serve Imperial Beach and the San Ysidro area, independent of SDG&E system. (Union Tribune Photo)

California Coal Project

The California Coal Project will be renamed the Ivanpah Project with the decision to locate the 1500-megawatt coal plant at Ivanpah on the California-Nevada border. This facility is already undergoing study. Application for a Certificate of Public Convenience and Necessity is expected in the fall of 1981.

Load Management

Load management is an activity of electric and gas utilities to reduce the demand for energy during peak load periods. This reduces the need for construction of new facilities and improves the operating efficiency of the utilities. The three major electric utilities in California (PG&E, SCE, and SDG&E) are beginning to make significant progress in this field.

Load management is divided into four categories: Time of Use (TOU) Rates, Interruptible/Curtailable Rates, Direct Load Control and other projects. TOU rates are designed to reflect the cost of producing electricity as it varies with the time of day and season of year. TOU rates encourage customers to minimize electrical usage during peak-demand periods by increasing the rates during off-peak periods. Interruptible/curtailable rates provide customers with lower rates in exchange for lower service levels. Direct Load Control is direct utility control of customers' electrical machinery or appliances. During high demand periods the utility can directly turn off the customers' machinery.

All electric utilities have Time-of-Use rates. The rates are currently in effect for customers with demands of more than 500 kilowatts. The utilities also have interruptible/curtailable rates, and the California Energy Commission (CEC) mandated direct control Residential Peak Load Air Conditioner and Water Heater Reduction Program. Special programs which are under development at PG&E include the Cooperative Electricity Management Project which is an attempt to obtain voluntary peak load reduction on a citywide basis and the Group Load Curtailment Project which involves industrial firms operating in cooperation with the utility. SCE has one operating private curtailable group. SCE's Demand Subscription Service is another innovative project which places a customer-accepted limit on electric demand in return for a price discount. SDG&E has a program to study the substitution of gas for electric refrigeration and air conditioning.

By the end of the fiscal year, approximately 90,000 customers were participating in various load management programs. The results of many of these programs are very promising.

Load Management Standards

The Load Management Standards Program was enacted by the California Legislature and is being administered through the CEC. The main program goal is a 20% reduction in energy consumption in the commercial and industrial sectors by 1985, relative to 1979 sales. Since many of the utilities' non-residential audit and audit-support activities have become the means for implementing the load management standards, the PUC has become involved in the implementation of this program as well. To assist in achieving the 20% savings goal, many of the larger utilities are developing proposals for financial incentive packages to support this program.

Avoided Cost Pricing for Generators and Small Power Producers

The Commission is making efforts to encourage electric generation by cogeneration and small power producers as an alternative to large electric generation plants and to conserve oil and natural gas. As part of these efforts the PUC by Resolution E-1872, March 4, 1980, ordered electric utilities to purchase electricity from these producers at rates equivalent to the utilities' full cost. As of April 1981, utilities were involved in negotiations with approximately 200 potential cogenerators and small power producers totaling 1,800 megawatts of electrical capacity. As of July 1, 1981, negotiations were in progress involving wind energy systems which may result in an additional 700 megawatts of electrical capacity.

Cogeneration

Cogeneration consists of electric power generation, primarily by utility industrial customers, where the customer sells excess electricity to the utility. The Commission has taken steps to encourage cogeneration as a viable alternative to large utility power plants. On February 18, 1981, the Commission modified natural gas allocation procedures and established a special category for cogeneration, Priority 3A. This is the highest priority given to customers with the ability to use an alternative fuel. In addition, the PUC ordered the utilties to file natural gas rates based on the avoided cost principle so that cogenerators could buy gas at the same price as electric utilities.

Conservation

The staff is responsible for design, implementation, monitoring and evaluation of a wide variety of utility energy conservation programs. The objective is to pursue conservation as a cost-effective alternative to new supplies of electricity and natural gas.

Utility conservation programs began in the middle 1970's and initially centered on providing information through advertising media and through onsite energy audits, where a utility representative would visit the customer's premises and make recommendations for saving energy. Recently, utility activities have been expanded to include offering low interest financing and other financial incentives to customers to encourage the purchase of conservation hardware and devices. Originally conservation

programs focused only on the more efficient use of energy. However, the Commission recently has mandated the utilities to become involved in the promotion of alternative sources of supply, such as active solar water heating.

1980 Energy Savings

During calendar year 1980, investor-owned utilities spent approximately $102 million on energy conservation programs that saved 258 million therms of natural gas and 1,921 gigawatthours* of electricity during 1980 alone. On a life cycle basis these programs save energy at a cost far less than the cost of new energy resources. Energy savings resulting from any year's conservation efforts generally persist from three to more than 20 years into the future. Therefore, the total calendar year 1980 energy savings are two to three times larger when residual savings due to conservation efforts in prior years are included. During 1979, for example, the programs saved 7.19 billion kilowatthours of electricity and 604 million therms of natural gas including residual effects of previous years.

* billionwatt hours.

Residential Conservation Service (RCS)

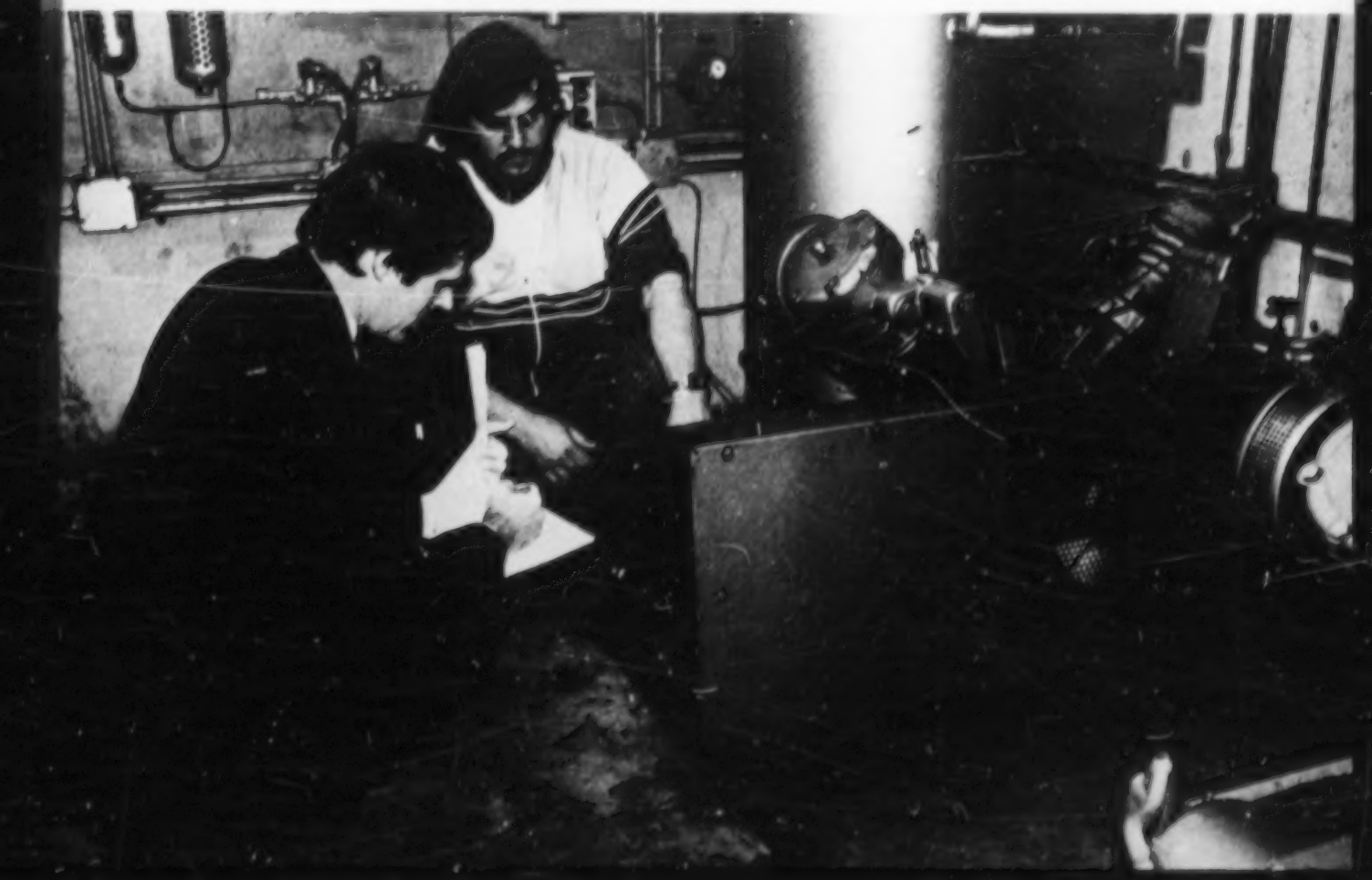
RCS was created by the National Energy Conservation Policy Act (NECPA) of 1978 and is being administered by the Federal Department of Energy (DOE) through the California Energy Commission (CEC). Though the CEC has been designated as lead agency, the PUC has jurisdiction over funding approval. RCS involves in-depth home energy audits, assisted by sophisticated computer software, which calculate payback periods and energy savings expected to result from various conservation measures. Currently all regulated energy utilities are implementing RCS.

During 1980, the major energy utilities conducted approximately 96,000 non-RCS residential energy audits, which resulted in saving an estimated 54 million kilowatthours of electricity and 18 million therms of natural gas.

CVR Saved 2.4 Billion Kilowatthours of Electricity in 1980

The Conservation Voltage Regulation (CVR) Program saves electricity by reducing the maximum customer service voltage. During 1980 CVR cost effectively saved an estimated 2.4 billion kilowatthours

Energy auditor from Pacific Gas & Electric Company reviews efficiency of industrial installation.



of electricity including residual savings from prior years' efforts. Phase I of CVR which involves voltage reduction by adjustment of existing equipment is complete. Phase II involves lowering voltages by modification of distribution circuit equipment where it is cost effective to do so. Phase II is currently in progress and proceeding well.

Gas Pilot Light Turn-Off Program

This program involves turning off residential gas furnace pilot lights during the summer to save natural gas. Though customer contact is accomplished primarily through advertising, utility assistance from customer representatives is available. It is estimated that over four million pilot lights were turned off in California in 1980 resulting in an energy savings of 130 million therms of natural gas. Energy savings will diminish in future years as pilotless gas furnaces replace older furnaces which have pilot lights.

Commercial, Industrial, Agricultural (CIA) Energy Audits

CIA audits consist of energy utilization audits of commercial, industrial and agricultural customers. The audits result in recommendations on how these customers can cost effectively conserve energy. In 1980, the four major utilities conducted approximately 50,000 audits and 32,000 post-audit visits, at a cost of $13 million, yielding an estimated energy savings of 1.3 billion kilowatthours of electricity and 32.9 million therms of natural gas. Supporting the audit activities, the utilities conducted over 300 workshops and seminars on lighting, heating, ventilating, and other subjects.

Summertime Electrical Emergency Contingency Planning

Under the Commission's direction the staff monitors the daily electric supply (capacity) and requirements (peak demand) situation during the summer months each year starting on June 1 and continuing through October 31. Under the emergency contingency plan the PUC staff receives data from the five largest California electric utilities and prepares a status report each morning setting forth the electric capacity and peak demand forecasted for that day. This daily report serves to inform the Commission of possible electric energy supply shortages resulting from power plant failures during hot weather.

The Electrical Emergency Contingency Plan worked very well during the summer of 1980. Through well-coordinated load sharing by the utilities, adequate margins of capacity were maintained to meet all firm requirements for service and individual utility shortages during periods of peak demand were mitigated.

$378 Million Refunded to California Gas Customers

El Paso Natural Gas Company, Pacific Gas Transmission Company and Transwestern Pipeline Company are the large interstate natural gas pipelines serving California. In the past fiscal year these companies had rate increase proceedings pending before the Federal Energy Regulatory Commission. The staff participated in these proceedings and was influential in helping to obtain negotiated settlements or decisions that resulted in refunds and gas rate savings totaling $378 million to California ratepayers.

Natural Gas Purchasing Practices

The staff continued to participate in state and federal regulatory proceedings where the issues were the determination of the proper level of gas purchases from the various sources and the best sequence of purchases within existing contractual constraints. Among the more important proceedings in this category during the year were applications by Southern California Gas Company (SoCal) and Pacific Gas and Electric Company (PG&E) seeking authority to increase rates to reflect higher purchased gas costs. In the SoCal proceeding, the staff recommended a purchasing sequence to produce a least-cost supply mix. However, there are take-or-pay provisions in Federal Energy Regulatory Commission (FERC) tariffs applicable to purchases by PG&E from Pacific Gas Transmission which preclude a least-cost mix. Therefore, in the PG&E proceeding, the staff recommended that the Commission's efforts should "continue to be directed at furthering Federal action that would provide the flexibility necessary to achieve the most economical supply mix, without jeopardizing the consumer's long-term access to adequate natural gas service."

PCB in Natural Gas Pipelines

In early 1981, the chemical polychlorinated biphenyl (PCB), believed to cause birth defects and cancer, was found in an eastern utility's gas pipelines. California gas utilities were subsequently requested to test for the presence of PCB in their pipeline systems. The test results revealed that PCB is present. As a result the utilities, in cooperation with the U.S. Environmental Protection Agency, are studying ways to mitigate the problem.

California Gas Report Published

A ten-year forecast of natural gas supply, requirements and costs was prepared in response to requests by industry, governmental agencies and private research groups. The report entitled, *Staff Report—Forecast of Natural Gas Supply, Requirements*

and Costs, 1980–1989, California Distribution Utilities was widely distributed and well received. It will be updated annually and published as the *California Gas Report.*

Out-of-State Certification

The staff participated in various proceedings for out-of-state gas supply and transmission projects. Among these projects are:

- A liquefied natural gas (LNG) peak shaving and storage facility to be built by Southwest Gas Corporation to serve northern California and northern Nevada.
- The Pacific Offshore Pipeline Company project to purify and treat 30 to 90 million cubic feet per day of Santa Barbara Channel gas to be sold in California.
- The Rocky Mountain Pipeline Project to bring new gas supplies from the Rocky Mountains to California.

Environmental Impact

Commission responsibilities center on preparation of various environmental impact studies and associated activities concerning major construction projects proposed by utilities regulated by the Commission. This function is mandated by the California Environmental Quality Act.

During the fiscal year 1980–81, environmental impact studies were completed on four projects; two 230-KV transmission lines, the Allen-Warner Valley Coal-Fired Energy System and the Heber Geothermal Power Plant. Five studies were pending at the fiscal year end.

The Allen-Warner Valley Project work ended at the completion of the hearing phase of the certification process with the withdrawal of the pending application. The sponsors determined the project to be no longer feasible due to changes in demand and foreseeable costs of capital. The work of the staff in connection with the proposed Heber Geothermal Power Plant led to the Commission's rejection of the geothermal brine supply contracts associated with this project as the proposed cost was not economically justified.

Southern California Impacts

Energy rates in Southern California stabilized to some extent during the 1980–81 fiscal year as more natural gas became available to displace oil for generation of electricity. The PUC's tri-annual review of energy costs resulted in two rate reductions each for Edison and San Diego Gas and Electric, helping to offset requests of both utilities for increases in basic rates, which were held to 2.5% and 5.6%, respectively, by PUC decisions reached on December 30, 1980.

A controversial issue to which many hearing days were devoted was the proposal of SDG&E to charge a $2,000 hook-up fee for new housing as a partial alternative to raising basic rates.

Rates for natural gas seesawed throughout the year, largely because of federal action which controls the price of out-of-state gas. Two large increases were passed along to SoCal Gas customers in July ($354 million) and the following June ($69.8 million), but a $200 million reduction in December more than cancelled out SoCal's request for a general rate increase, with the result that rates were lowered 2.4 percent.

The Commission also ordered refunds averaging $12.75 for residential customers as a result of refunds to SoCal Gas from its suppliers. Because SDG&E purchases its gas from SoCal, all these reductions were shared to a comparable degree by SDG&E customers.

A new "level payment" plan for SoCal Gas customers was authorized whereby they may elect to pay their annual gas costs through monthly payments of equal size.

Speeding construction of a transmission line in the mountains northeast of San Clemente, this Sikorsky helicopter lifts a section of steel lattice tower into place at a remote site.

Financial Challenges in a Changing Regulatory Environment

Background Factors

In recent years, a variety of factors have been working together to upset the world in which California utilities do business. The ongoing impact of OPEC oil prices hit ratepayers hard during the year. Population and business growth in the state continued as Americans moved in large numbers to the Western and Sunbelt states. There was no let-up in general inflation rates which added to every segment of utility costs throughout the year. And, most important, a devastating new phenomenon appeared. Unprecedented increases in interest rates meant that utilities were charged very high rent for the money they have to borrow to carry on their capital intensive services.

This fiscal year was the year the Commission had to face up to the impact of these new financial realities. It was not easy, but some important steps were taken.

Dealing with the High Cost of Capital

The California utilities' need for capital to carry on their construction programs totalling $4.1 billion continued to increase during the year. Aside from issuing stock, bonds and notes, the utilities looked at new ways to raise funds. They obtained increased amounts of capital at favorable interest rates from the European investment market. They raised capital by means of the nuclear fuel financing mechanism. The nuclear fuel is sold and in turn leased from a subsidiary company. The subsidiary, by owning the fuel, is able to issue commercial paper at interest rates which are much more favorable than a utility would otherwise have to pay for alternate means of financing nuclear fuel acquisition.

California utilities are expected to engage in new and innovative ways of financing. One utility requested and was authorized a variable interest rate procedure in order to sell long-term bonds.

California utilities have also increased their participation in pollution control financing to acquire and construct pollution control facilities. The various governmental pollution control authorities of cities and states enter into the transactions for the construction of the pollution control facilities. Interest rates on this type of financing are much lower than conventional financing because interest received by investors is exempt from income taxes.

Increasing inflation, high interest rates and the intense competition for financing have, in various ways, forced the California utilities to issue and sell an increasing amount of debt securities through negotiated public offerings and private placements, in addition to traditional competitive public offerings.

The Rate Case Processing Plan

The Commission's effort to reduce regulatory lag, now known as the Rate Case Processing Plan, has gone through several revisions since its adoption in August of 1977. It provides for strict adherence to a prescribed timetable on major rate cases, a two year interval between major rate increase requests for energy and telephone utilities and three years for water utilities. (See Table 1 on page 42 for a summary of the major rate increase requests completed during the year.)

Rate of Return Recommendations

Significant changes in the past year have affected the rate of return recommendations made by the staff. Record inflation coupled with all-time high interest rates has forced the staff rate of return section to alter the traditional analyses approach to insure that capital intensive utilities have the ability to recover their financing costs while earning a fair return for the stockholders.

The staff has recommended, and the Commission adopted, step-rate increases in recent decisions. This increases the authorized rate of return in the year after the test year to recognize the higher financing costs which the utilities incur to meet their construction programs. Average-year capital costs are utilized in conjunction with step rates to insure that the ratepayers pay only for these inflationary cost increases when they occur and not beforehand.

In the case of specific utilities whose past decisions did not include a provision for step-rate increases in the rate of return, the staff has recommended increasing the authorized rate of return to reflect this financial attrition caused by higher financing costs. This has acted to stabilize earnings at a fair and reasonable level.

Public witnesses testifying at the General Telephone rate case hearings before Administrative Law Judge Norman Johnson.

Another innovative approach to rate of return was recently addressed in the General Telephone rate case. The staff proposed a range for the reasonable rate of return as an incentive for General to improve service. The recommendation was that General's earned rate of return be allowed to increase .35% above the authorized rate of return if General's service levels improved to a reasonable level.

Use of Computer Analysis Enhanced

During the year, the Commission staff developed econometric models for forecasting utility sales and number of customers, and also prepared comparative exhibits on utility pension and employee benefit programs. The sales, pension and benefit projections were made a part of the staff's Results of Operations (RO) reports for each major rate case. Reports were also prepared on the state of the economy, monthly earnings performance of the major utilities were monitored and consultation was provided in the highly specialized areas of economics and statistics.

In recent years the staff, with help from outside contractors, has used and improved significantly the ELFIN computer model which provides a detailed and comprehensive simulation of electric utility system operations, costs, and financing. This improved model made possible the analyses during the past year of the Allen-Warner Valley coal-fired electric plants, on which computer assistance was provided to the PUC Allen-Warner Task Force, and of Southern California Edison's proposed California Coal Project.

Investigations by Financial Examiners

Projects involving major expenditures by the utilities were thoroughly investigated by the Commission staff during the year.

Among those investigations were the electric utility Energy Cost Adjustment Clause (ECAC) tariff and the changes that should be made to improve it; the natural Gas Exploration and Development (GEDA) programs of Pacific Gas and Electric Company and Southern California Gas Company; Rate Base Offset Procedures (RBOP) for Diablo Canyon and San Onofre nuclear generating plants; and the reasonableness of certain costly oil transactions between San Diego Gas and Electric Company and United Petroleum Distributors, Inc.

Auditing the Management of Utilities

A significant event in the regulation of energy utilities was an Order Instituting Investigation (OII) 80, into the findings and recommendations of a consulting firm, Cresap, McCormick and Paget, Inc. (CMP). At the Commission's request, CMP conducted an extensive audit of the management and operations of Pacific Gas and Electric Company (PG&E). The decision to start this activity by using outside consultants was based upon budgetary staffing restrictions and the need for immediate expertise to perform the audits. At the conclusion of the study, PG&E agreed to, and commenced implementation of all but four of the 131 CMP recommendations. The Commission also ordered PG&E to furnish progress reports on these recommendations. Use of the management audit system has provided the Commission

with a tool to analyze and order improvements in the operations of PG&E. Similar audits for other energy utilities may follow.

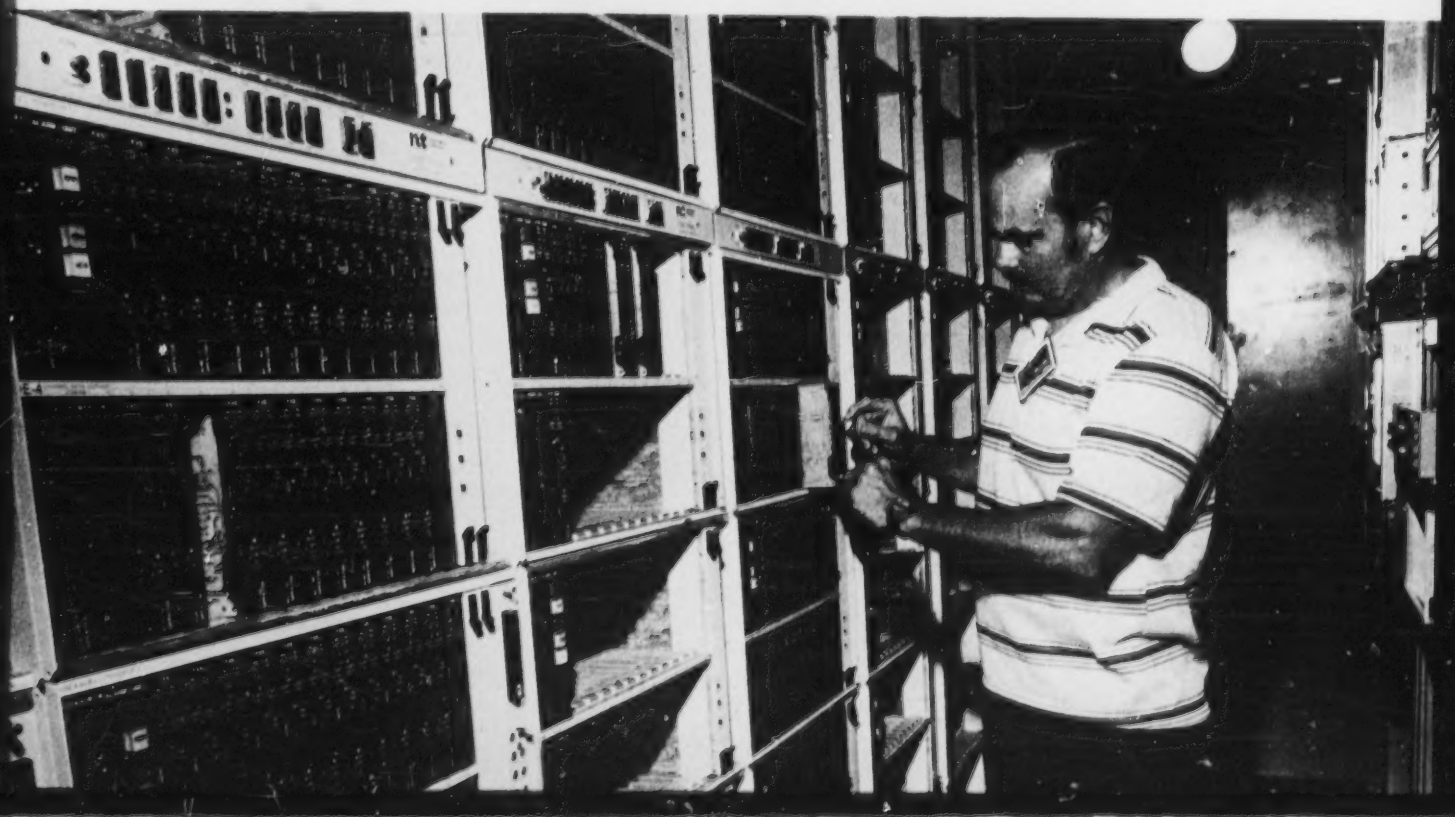
Issues Involving State and Federal Income Tax Expenses

The Commission staff prepared the test year estimates of Federal and State income tax expense for general rate cases involving several utilities under the jurisdiction of this Commission and provided research for special projects regarding the income tax effects of certain proposals on California utilities for ratemaking purposes:

- The proper treatment of gains on reacquired bonds under the Bankruptcy Act of 1980.
- Southern California Edison Company's proposed trust to provide zero interest conservation loans to its customers.
- Liquidation of an 80% or more owned subsidiary by its parent.
- Proposed revision of Internal Revenue Service policy concerning the tax exempt status of various employee benefits provided by utility employers.
- The income tax effects of San Diego Gas and Electric Company's proposed $2,000 connection charge for new service.
- The methods used by various California utilities to reflect the benefits of investment tax credit and accelerated depreciation in their cost of service.
- Effects of the normalization of miscellaneous book to tax timing differences on the cash flow of General Telephone Company.
- State Assembly Bill 1444 which proposed to allow expenditures for research and development demonstration projects as a current state income tax deduction.
- Congressional Bill S. 141 which proposed changes in the Federal income tax treatment of qualified dividend reinvestment plans.

The various tax legislation proposals which would result in the Economic Recovery Tax Act of 1981 were intensively analyzed due to the substantial changes the Act would make on the levels of various income tax deductions and the resulting revenue requirement impact on California utilities. The provisions of the Act which were considered of primary importance were the requirements of normalized accounting for ratemaking purposes for the Accelerated Cost Recovery System, the loss of the repair allowance deduction, and changes in the current accounting treatment of the investment tax credit.

General Telephone engineer checks carrier equipment that converts regular telephone voice and data patterns to optical transmission via fiber-optics installed in utility's prototype $500,000 Olympic Summer Games telecommunications trailer. Both General and Pacific Telephone plan to use 27 of these portable communications centers to meet telephone service, audio and video circuits, teletype data, conferencing tie-trunks to PBXs and coinless calling to meet the needs of the world's media during the coming summer Olympics in Los Angeles.



Auditing, Accounting and Financial Records

The Commission staff is responsible for the audits of the accounting and financial records of major California utilities. The audits are generally performed in response to applications filed by the utilities for general rate increases and special fuel offset procedures. (See table on page 38 for summary of applications filed by major California energy utilities for rate increases during the fiscal year.)

Depreciation Methodology

Depreciation rates are examined in either general rate cases or by procedures adopted by the Commission on September 13, 1977, which require public notice of depreciation reviews. Current depreciation practice is to use the Straight-Line Remaining Life Method.

During the year, three utilities proposed equal life group, comparable dollars and incremental depreciation alternative methods of depreciation in proceedings which are now pending before the Commission. In each instance, the staff, after analysis and evaluation recommended denial for the use of these new methods. In September 1980, Pacific Telephone filed a special represcription for terminal equipment with the Federal Communications Commission (FCC). Ordinarily, a represcription would not be due until 1982, but due to the major changes occurring in the telecommunications industry, more frequent reviews are necessary. The Depreciation Unit assisted in the preparation of comments filed before the FCC on this subject matter.

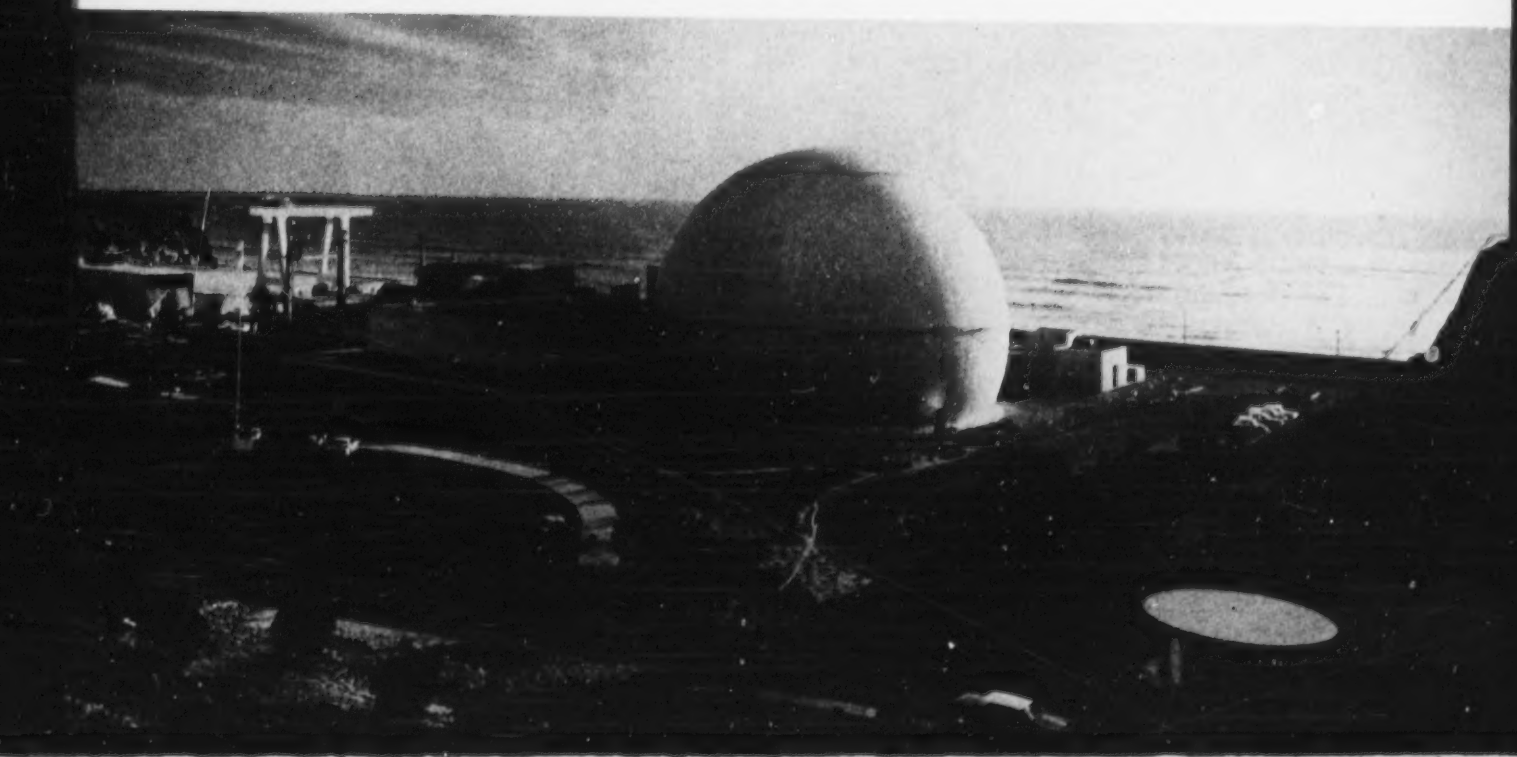
Debate Over Inclusion of Construction Work in Progress (CWIP) in Rate Base

The Commission's past policy did not allow energy utilities to include construction-work-in-progress (CWIP) in their rate base. PG&E in its current rate increase request asked for authority to include one-half billion dollars of CWIP in its rate base. Treatment of CWIP is a major and volatile issue in proceedings before most regulatory commissions throughout the country and the issue was extensively litigated in the PG&E proceeding. The staff provided analysis of and testimony on the issue of including CWIP in rate base in the general rate case of PG&E, SDG&E and General Telephone Company of California. Use was again made of ELFIN utility financial simulation model.

Financing the Decommissioning of Nuclear Plants

In January 1981, the Commission instituted OII-86 to consider present and alternative methods of financing future nuclear decommissioning costs. The Commission is working jointly with the California Energy Commission on this investigation. Energy utilities subject to the Commission's jurisdiction presently operate and maintain two licensed nuclear power reactors. Additional reactors are awaiting licensing by the Nuclear Regulatory Commission (NRC). When the new reactors are licensed by the NRC, and the power plants are on line, the staff will analyze the impact of the increase in rate base and reduction in fuel costs.

The San Onofre Nuclear Power Plant's first unit as it looked before additional construction on the second and third unit was undertaken.



Telecommunications

Regulation of investor-owned telephone, telegraph and radio telephone utilities, which provide service within California, continued in 1980–81 to be influenced by advancing technology, rapid growth in demand, and radical changes growing out of actions of the Federal Communications Commission (FCC).

Regulated communications companies in California account for over $20.0 billion in plant investment and approximately $7.2 billion in annual revenue. Included are the largest operating affiliates of both the Bell System (Pacific Telephone and Telegraph Company) and General Telephone and Electronics (General Telephone of California). They service more than 97% of the telephone customers in California. The remainder are served by 23 other telephone companies.

The large companies continued to experience very rapid growth in demand for telephone service. Consequently, capital required for utilities' construction programs was very large. Interest rates during the year were high and the rate increases granted to major companies were primarily needed for capital financing. On the other hand, the continued application of advanced technology and growth of long distance business allowed telephone rates to continue relatively stable, particularly when compared to the soaring rates for energy in recent years.

During the year, customer ownership of telephone instruments and terminal equipment continued to grow, with the responsibility for maintenance shifted from the utilities to the individual user. Interstate long distance service provided by the Bell System also experienced significant competition from companies like MCI, Southern Pacific Communications, and other competitive operators entering the long distance field.

Technological Advances

During the past year, the trend continued toward digital central offices in many smaller exchanges, offering all the advantages of a fully electronic office as well as substantial savings over electromechanical offices. In a digital central office, incoming voice signals are changed to a digital format which may then be processed by the equipment in a manner similar to a computer. Signals leaving the office are transmitted in digital form on trunks to other offices or converted into voice signals again for connection to other subscribers.

Fiber optic transmission began limited service and large-scale introduction of this new technology is now scheduled in California. In fiber optics voice and data signals are converted to digital form which in turn modulate a beam of light transmitted over special glass fibers only slightly larger than a human hair. At the receiving end the process is reversed and the light beam is converted to the original signal. Fiber optic transmission will result in low cost, high volume communications. Other advantages are security of the signals and avoidance of electrical interference. Fiber optics was in service on several short routes and Pacific Telephone contracted for California's first large fiber optic system over a 167-mile route between Sacramento, Oakland, and San Jose to be completed in 1983. This system will be extended between the San Francisco Bay Area and Sacramento to Los Angeles in 1984 and will transmit up to 80,000 calls simultaneously. The system can also transmit TV programs and is the ideal medium to provide for the rapid growth in demand for long distance communications services.

A GTE technician is shown installing one of two specially designed regenerative "repeaters" connected to the optical fiber cable at points between switching centers. The repeaters, installed in manholes, regenerate—"rebuild"—any weakened or distorted light pulses to provide customers with noise-free voice circuits.

RATE APPLICATIONS

Pacific Telephone and Telegraph Company

On June 2, 1980, Pacific Telephone filed Notice of Intent (NOI) 23 to apply for a general rate increase. On August 1, 1980, Pacific filed Application No. 59849 to increase certain rates and charges in the amount of $794 million, later amended to $790 million.

The Commission, on August 19, 1980, on its own motion, instituted OII-81, an investigation into Pacific's operations and those of the other 24 telephone companies in California, the "independents." Prehearing conferences and hearings were held between August 8, 1980 and April 9, 1981. Oral arguments on this matter were heard by the PUC on June 30, 1981.*

General Telephone Company

On November 15, 1979, General Telephone filed Application No. 59132 seeking authority to increase certain rates and charges by approximately $119 million based on a 1980 test year.

OII-62, an investigation on the Commission's own motion, enlarged the scope of the proceeding to cover all aspects of General's operations and any impact on Pacific Telephone and the other California telephone companies.

Twenty-nine days of hearings were held between January 3, 1980 and April 23, 1980. On November 4, 1980, Decision No. 92366 granted General a $97.5 million increase in rates and charges based on an authorized rate of return of 10.39% and a return on equity of 13.60%.

In addition, the Commission penalized General $7.4 million for providing inadequate telephone service.

The principal increases in rates authorized in the following categories: Increases in service connection charges (installations); elimination of the Proposition No. 13 discount; certain increases in business terminal equipment; and equalization of the single-party flat rate (unlimited calls).

Continental Telephone Company

Continental Telephone Company filed Application No. 59936 for authority to increase certain rates and charges by $18.3 million on September 15, 1980.

Hearings commenced on October 28, 1980 and concluded on January 7, 1981. Continental stipulated to the staff's showing with certain updated information. The Commission on March 17, 1981 signed Decision No. 92804 granting Continental an increase of $10.1 million based on an authorized rate of return of 11.34% and a return on equity of 14.5%.

Service for the Deaf and Severely Hearing-Impaired

The PUC in 1980–81 acted to further its program of assistance to the deaf and severely hearing-impaired to facilitate their use of the telephone exchange network, as authorized by Section 2831 of the Public Utilities Code.

Extensive hearings were held under the Order Instituting Investigation No. 70, issued in May 1980. Decision No. 92603 (subsequently modified by D. 92871 and D. 92907) was issued in January 1981, ordering all respondent telephone utilities to provide a telecommunications device to each qualified deaf, severely hearing-impaired, or speech-impaired subscriber at no charge additional to the basic exchange rate for a single-party line. These devices are basically small teletypewriters, referred to generally as Telecommunications Devices for the Deaf or TDDs. Their performance was specified by the Commission order, as was the basis for evaluation and selection by the utilities.

Extensive planning had been completed by June 10, 1981. Pacific Telephone, General Telephone and the California Independent Telephone Association (CITA), on behalf of all other independent companies, have each appointed a representative to the Industry Administrative Committee established by the order. This committee is working with independent counsel to establish a trust which will handle the funds required for purchase and maintenance of the TDDs and for operation of the training and distribution effort. These funds will be obtained by the imposition of a monthly surcharge of 15 cents on most business and residential lines in the state, in accordance with the Legislature's direction to provide funding for the program.

Nearly completed were the companies' plans for TDDs through extensive personal contact with deaf persons, many of whom are unfamiliar with the device. The process of equipment selection was also begun. Actual distribution to deaf users is expected to begin in September 1981.

Expensing Station Connections

An important FCC action (CC Docket No. 79-105) was the adoption of rules amending Part 31 of the Uniform System of Accounts for telephone companies. The new rules require the expensing of inside station connection costs (these costs are currently capitalized) in order to shift the burden of station connection costs from the general ratepayer to the cost causers.

On December 2, 1980, the Commission initiated an Order Instituting Investigation (OII-84) to review

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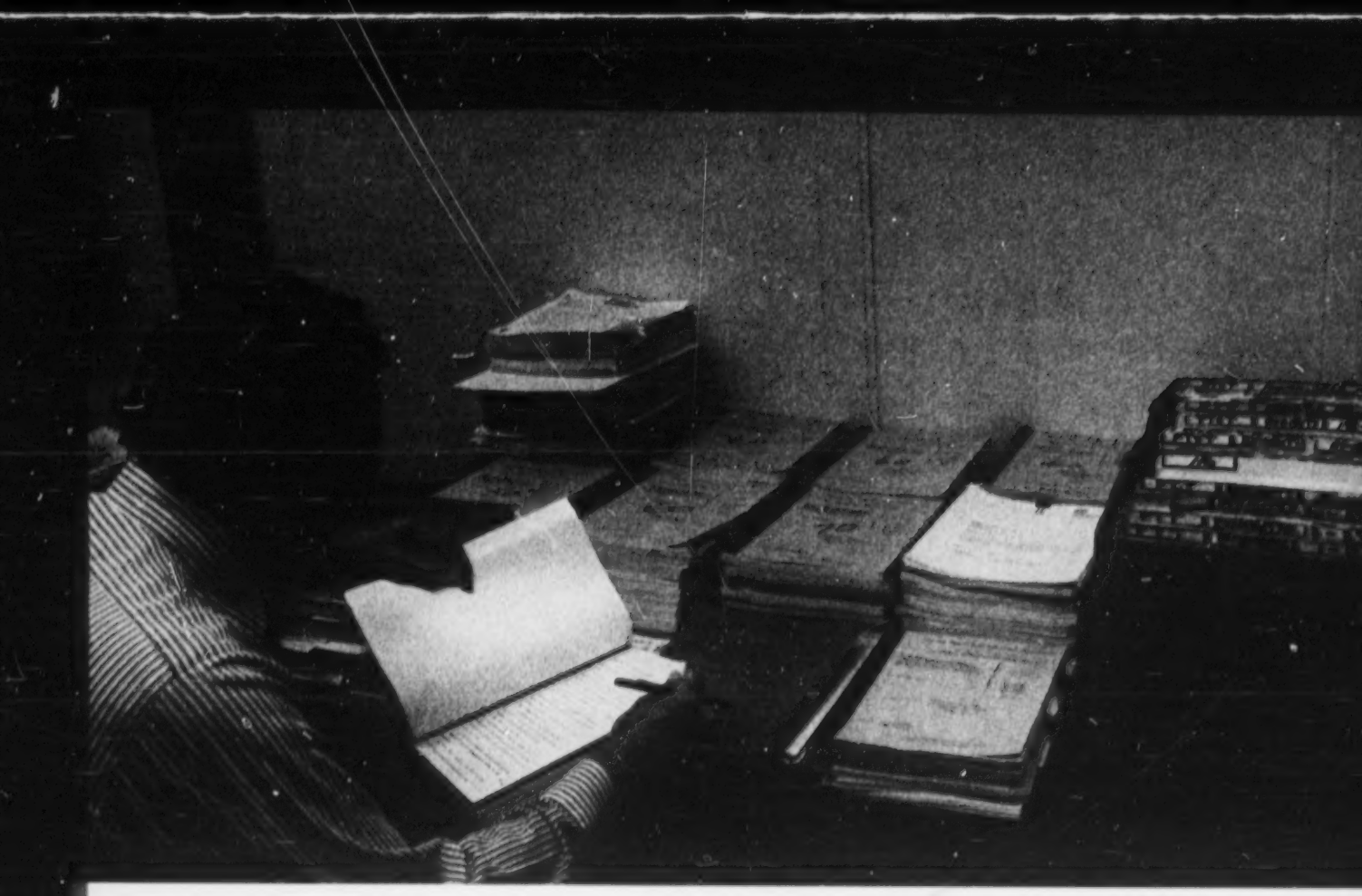
* The decision, D-93367 dated August 4, 1981, granted Pacific $610.1 million of the requested $790 million based on a 12.91% rate of return and a return on equity of 17.4%.

The major rate changes were as follows: a $1.00 increase for the single-party, unlimited callers; removal of the message allowance for measured business customers; a 13% increase in long distance (message toll) rates within the state, including WATS, ORTS and OCMS; and the elimination of the Proposition 13 discount.



Administrative Law Judge Albert C. Porter reviews the record developed during the extensive hearings in the Pacific Telephone general rate application hearings.

current accounting procedures for station connections, to determine if accounting changes are required, to determine any change in revenue requirements and to adjust rates and charges to match the revenue requirement.

Hearings on OII-84, begun on May 18, 1981, allowed public (ratepayer) participation and the receipt of technical evidence and testimony.

In the hearings, the staff recommended that residential and simple business customers be allowed the option to install, own and maintain their telephone premises wiring (complex business customers already had this option). Inside wiring is a potentially competitive service. It was also urged that the option would permit customers one means to legally avoid increasing utility charges for station connection services. In the future, review of the underlying costs of providing inside wiring services will be made, to enable the charges for those services to be unbundled and set at a cost-based level. The feasibility and effects of implementing a sales program for embedded, in-place, inside wiring will also be studied.

Anticipating the need for rate increases to offset increased revenue requirements of expensing of station connection costs, the five larger telephone utilities filed applications for rate offsets. These were Pacific Telephone (A-60510); General Telephone (A-60608); Continental Telephone (A-60602); Citizens Utilities (A-60607); and Roseville Telephone (A-60706). In addition, 18 of the remaining 20 smaller telephone companies filed for similar rate offsets.

During the OII-84 hearings, the staff participants recommended adoption of expense accounting in conformance with the FCC order, but on a "flash-cut" basis as opposed to the FCC's stated preference for a four-year "phase-in".

Preliminary revenue requirement effects of the accounting change for the three largest communication companies and alternative cost recovery methods designed to insure recovery of station connection costs from the cost-causing ratepayer were presented. Also presented were the intrastate revenue requirements for all 25 telephone companies together with detailed rate designs to offset the revenue requirement increases. The FCC ordered accounting change occurs on October 1, 1981, and the rate adjustments are expected shortly after that date.

PT&T Credit Rules

By Decision 92747 issued on March 3, 1981 in Application No. 59752, the PUC authorized the first major revisions in 65 years for requirements applicable to new customers by Pacific Telephone. The revised credit rules incorporate new standards for determining which applicants for service are unlikely to default on bill payments and thus may establish service without posting a deposit or providing a guarantor. The new rule requires applicants to satisfy three of the following nine criteria to qualify for service without a deposit or guarantor:

1. Owns a home in California.
2. Owns a car or truck registered in California.

3. Has been continuously employed two or more years with current employer.
4. Has an authorized major national credit card.
5. Has an authorized major oil company credit card.
6. Has any other acceptable credit card or charge account.
7. Has a bank checking account.
8. Has a savings account with any bank, savings and loan association, or credit union.
9. Is 50 years of age or older.

Billing and payment rules were also revised to provide customers with good payment records longer intervals for remittance of monthly bill payments.

Tariff Administration

The Commission staff reviewed utility tariff filings for new terminal equipment and service, developed separation plans and provided liaison with the FCC. The following table indicates the volume of tariff actions during 1980–81:

Tariff Proposals	442
Advice Letters	626
Tariff Sheets	8,146
Resolutions	142
Contracts	16
Intercompany Agreements	16

Multi-Element Service Connection Charges

Since July 1, 1979, the FCC has required that all new single party residence telephone services be connected through standard miniature modular jacks. This is required for terminal equipment provided by the utility and by the customer. Modular jacks permit customers who choose to own their telephone instruments to connect the equipment easily without additional expense. As a result of the FCC requirement, California telephone utilities are restructuring service connection charges to reflect the cost savings available from prior installation of modular jacks. The new rate structure encourages customers, who choose to use utility equipment to pick up the modular telephone instruments at a central location, to eliminate the costly visit by utility personnel to the customer premises. To facilitate the economic choice to be made to new customers, the utilities are converting existing hardwire connections to modular jacks with a new service connection rate structure which can be adapted to all of California's telephone utilities.

As a result of the above endeavor, a majority of California telephone utilities have established new tariffs for multi-element service connection charges. The multi-element service charges are for the service order, central office connection work, and premises visits. The first modular jack is free of charge, and an established charge is applied for each additional modular jack on the same order. The minimum charge to establish a new individual line residence service (where modular jacks are in place, the customer has obtained the telephone sets and no premises visit is required by the utility) is the charge authorized for service order and central office connection work only. No premises visit charge is made. The telephone utilities also established phone stores at strategic locations where customers who apply for service can pick up and return utility-provided telephone equipment.

As of the end of the fiscal year, 13 out of California's 25 telephone utilities have established the multi-element service connection charges. Multi-element proposals of the remaining 11 companies are in various stages of review.

Pacific Telephone and General Telephone who serve 97% of all telephone customers in California, have achieved 85% and 65% customer modularization, respectively. The other relatively small telephone utilities have each achieved approximately 60% customer modularization. It is expected that remaining modular conversions will be accomplished within the next two years.

Regulatory Audits

A staff investigation team composed of accountants and engineers, audited the affiliates of the two major telephone companies. The team conducted direct examinations of Pacific Telephone affiliates, American Telephone and Telegraph Company, Bell Laboratories, Inc., and Western Electric Company; and General Telephone's affiliates, GTE Service Corporation, GTE Data Services, GTE Automatic Electric, GTE Laboratories, Inc. These examinations were a part of the audit of Pacific Telephone Company and General Telephone Company's general rate increase requests.

Impact of Federal Actions

The impact on California ratepayers caused by the FCC's order on changes on the method of accounting for telephone wiring in homes and buildings will be substantial.

As a consequence, the telephone companies' increased revenue requirements of $300 million per year would need to be recovered from California ratepayers.

In another proceeding, the FCC preempted state regulation over customer premises terminal equipment and has ordered deregulation of such equipment. While not opposed to the end result of deregulation, the PUC has appealed the FCC's preemption to the courts.

Increasing competition in various segments of the communications industry has caused the U.S. Congress and the FCC to propose major changes to the federal regulations controlling the provision of interstate and intrastate communication services in

an effort to encourage more competition and to ensure that competitive services of the regulated companies are not subsidized by their monopoly services.

Toward these aims, there were continued efforts in the United States Congress to modernize the Communications Act of 1934. The changes proposed would have a very significant impact on the rate charged for local service in California.

After one unsuccessful attempt during 1980 in the House of Representatives to rewrite the Act, a bill was introduced in the U.S. Senate S-898, the Telecommunications Competition and Deregulation Act of 1981, which would deregulate terminal equipment and extend federal regulatory jurisdiction over all interexchange (long distance) service. In addition, the bill would require certain structural revisions within the Bell System including the formation of fully separated subsidiaries to provide unregulated services. To present the concerns of California regarding the proposed legislation, PUC President John Bryson testified before the Commerce, Science and Transportation Committee of the Senate on June 11, 1981.

In 1980, the FCC opened a Joint Board proceeding, CC Docket No. 80-286, to examine revisions in telephone separations procedures made necessary by changes in the structure of the industry and by new methods of providing telephone service. The Joint Board handling these matters includes three FCC commissioners and four state commissioners, including Commissioner Gravelle from California. A member of the PUC's Communications staff has been active on the Joint Board staff, which analyzes separations procedures and makes recommendations to the Joint Board. In early 1981 the Joint Board developed a recommended plan for changes in separations to reflect the imminent deregulation of customer premises terminal equipment.

Telephone separations are the method by which common costs are allocated between interstate and intrastate operations. Some proposals have been advanced which would result in a $10 to $15 average monthly increase on a California subscriber's bill.

Reorganization of the Bell System

As a result of a landmark FCC decision, and a gathering consensus on national telecommunications policy, AT&T announced in August 1980 a major restructuring of Bell System operations. The restructuring essentially will organize the Bell System into two subsidiaries, one regulated and one non-regulated. This proposed reorganization is to be implemented by March 1, 1982. It has been labeled by the press and by the Bell System as the most massive reorganization in corporate history.

The Bell System has already gone through several major reorganizations in the past decade, the last in 1978 when AT&T and its operating companies divided into network, residence, and business segments. These earlier reorganizations changed the Bell System from an organizational structure designed for a highly regulated monopoly to one that could meet the increasing competition in the telecommunications market.

The FCC decision issued on Docket Number 20828, which was the principal cause of the proposed reorganization, is generally known as Computer Inquiry II. It was originally issued on April 7, 1980 and modified in late October with an effective date of December 30, 1980. This decision has far-reaching implications with respect to the future of the telecommunications industry. It requires the Bell System to offer enhanced services (unless waived by FCC) and terminal equipment after March 1, 1982 on a detariffed basis (i.e. rates not subject to regulatory review). Enhanced services are those in which some aspect of the original information is changed or where customers interact with stored information (i.e. services that result because of the convergence of telecommunications and computers).

Terminal equipment to be detariffed includes telephones, private branch exchange switchboards, data sets, etc., but excludes party line, multiplexing equipment, and station connections. In order to eliminate cross-subsidization, the decision requires the Bell System to establish by March 1, 1982, one or more separate subsidiaries to provide the detariffed equipment. Terminal equipment in place prior to March 1982 will remain with the regulated entity. The decision also requires no sharing of operating, maintenance, installation, marketing personnel nor sharing of underlying support systems.

There were two other actions that motivated AT&T to announce a restructuring of the Bell System. The first was the proposed legislation before the U.S. Congress that would modernize the Communications Act of 1934. The other was the antitrust suit filed by the U.S. Justice Department which is now being heard by the courts.

In its August 1980 announcement, the AT&T Board of Directors approved a realignment of AT&T's general departments to separate those departments whose responsibilities relate mainly to regulated activities and those dealing with prospective deregulated markets. This was to assure effective management of the transition to the new structure required by the Computer Inquiry II decision and the expanding competition in the telecommunications industry. The final organization structure, when it is completed, will depend on the final outcome of the anti-trust case, federal legislation and the FCC.

Transportation Regulation in Times of Rapid Change

The objective of the Commission's program of reregulation is to shift primary rate setting responsibility from the Commission to the trucking industry. Carriers, as businessmen, negotiate with shippers and submit their rates for Commission approval. Cost-justified rate differentials and rate innovations such as peakload pricing and directional rates are encouraged. Carriers compete on the basis of price as well as service. Increased price competition can be expected to produce increased operational and financial efficiency. More efficient equipment use should result, thereby reducing empty miles, excessive use of the highways and unnecessary fuel consumption. The Commission will continue to protect the interests of the general public, shippers and carriers.

Enforcing Reregulation of Trucking

During the past few years, the Commission staff concentrated on educating motor carriers of property to make them familiar with the reregulation program initiated by SB 860 and later Commission decisions. During the 1980–81 fiscal year, the staff shifted its emphasis to enforcing the new regulations. During field audits, the staff stressed carrier compliance with contract and tariff filing requirements, with Commission general orders (including the important area of prime carrier-subhauler relations), with applicable sections of the California Public Utilities Code and with possession of the proper operating authority. When violations were discovered, their nature and extent determined the appropriate corrective action. These ranged from informal admonishment or advisory conferences to fines imposed through informal citations or undercharge citations. In the case of more serious and willful infractions, the staff prepared formal cases for presentation before the Commission.

Reregulation of Household Goods Transportation

The Commission inquiry into whether the household goods transportation industry in California should be reregulated continued through fiscal year 1980–81. A staff (field) study regarding the PUC Order Setting Hearing (OSH) 100 was completed in late 1980 and public hearings commenced in April 1981.

Both the Commission's Consumer Affairs Branch and the Transportation Division offered regulatory alternatives to the present minimum rate system at these hearings. The industry itself has voiced support for total deregulation or, in the alternative, maintenance of the regulatory system now in place.

It is expected that OSH 100 hearings will be completed early next fiscal year and that a Commission decision will be issued before the end of 1981.

Conversion of Cement Contract Permits Into Cement Carrier Certificates

Assembly Bill 1559, effective September 30, 1978, allowed the conversion of cement contract permits held by 45 carriers into cement carrier certificates. At the end of the 1980–81 fiscal year there were 176 cement carriers who had tariffs on file with the Commission.

Abolishing Petroleum Carrier Classifications

The classifications of petroleum irregular route carriers and petroleum contract carriers were repealed by Senate Bill 1886, which became effective on January 1, 1981. The bill provided for voluntary conversion of the repealed authorities into the newly created Tank Truck Carrier and/or Vacuum Truck Carrier permits for those highway carriers who desired to continue their operations. By June 30, 1981, the final date to apply for converted authorities, a total of 1,395 applications for the new permits were received. To coordinate the conversion process with the Commission's program, the License Section expected to issue these permits on July 1, 1981 to applicants who had filed acceptable applications in time. All other applications will be processed as defects or omissions are resolved.

Filing for Rate Reductions

Under the Commission's reregulation program, eight minimum rate tariffs were canceled and eight transition tariffs were established. The transition tariffs served to guide the initial establishment of tariffs by new Public Utilities Code Section 1063.5 common carriers and as a threshold for purposes of rate reduction justification requirements. Rates filed during the transition period, which are both below the transition tariff and those of competing carriers, become effective 30 days after the date filed, absent protest. The rates must be accompanied by a statement of

justification consisting of operational and cost data showing that the proposed rates will contribute to carrier profitability. During the year, 624 rate reduction filings were received, of which 467 initial filings and three amendments to the filings were approved.

Increases in Minimum Rates

The Commission staff participated in several formal proceedings involving increasing minimum rates for intrastate trucking. Cost and rate offset exhibits were prepared to reflect increased labor, equipment and running cost. (Table on Page 62 shows the minimum rate tariff increases granted during 1980–81).

Meeting a Competitor's Rate

Decision 90663, in Case 5432 established procedures for filing contract or common carrier rates to meet the rates and charges of competing highway carriers. At the end of the 1980–81 fiscal year, 600 competitive rate filings had been received and 420 of those filings had been accepted.

Registering Interstate and Foreign Highway Carriers

All highway carriers engaged in for-hire transportation in interstate or foreign commerce over California highways are required, under the Interstate and Foreign Highway Carriers' Registration Act to register with this Commission, and show they hold adequate public liability and property damage insurance coverage. The Commission issues identification stamps for the vehicles. In the 1980–81 fiscal year, a total of 1,837 carriers were registered and 203,358 identification stamps were issued.

Highway Carrier Operating Authorities and Revenues

During the past three years there have been major changes in the types of highway carrier operating authorities. The Legislature, by Senate Bills 860, 721 and 1886, and Assembly Bill 1559, canceled certain authorities, created new permit classifications and provided for conversion of operating authorities. The Commission is now authorized to issue two types of highway carrier certificates and 11 kinds of permits. At the end of fiscal year 1980–81 there were 47,365 permits and certificates held by 22,587 carriers.

Gross operating revenue reported by highway carriers of property for California operations increased by about 8.6% in calendar year 1980. This compares with the 17.0% gross revenue increase registered in 1979 over the previous year. The 1980 gross revenue was about five billion dollars, representing 95.58% of all freight revenues. Compared with the revenue figure for 1979, a reduction of about 400 million dollars occurred, or a decline of one percent.

Energy Efficiency for Highway Carriers

Senate Bill 844 required the Commission to develop and adopt an energy efficiency plan for highway carriers which it did on December 16, 1980. Carriers must now show compliance with the plan in their formal applications. Studies have also been completed on the energy efficiency information program for carriers and on the development of energy efficiency standards.

The Commission is currently developing an energy efficiency information program in cooperation with SRI International, the federal Voluntary Truck and Bus Fuel Economy Program and the California Energy Commission.

Exemptions for Hauling Recyclable Solid Wastes

The State Assembly Concurrent Resolution (ACR) 48 found it to be in the public interest to encourage recycling of solid waste materials.

The Commission staff completed a study, in cooperation with the State Solid Waste Management Board, which focused on the transportation of scrap paper, scrap iron and steel, cullet and scrap aluminum. These commodities comprise the majority of household and commercial solid waste materials accumulated in the State. The staff recommended an investigatory proceeding be started to consider means of exempting recyclable materials from rate regulation. The Commission issued OII 85, dated December 16, 1980, to initiate the formal proceeding.

A prehearing conference was held on February 20, 1981 with 12 carriers, shippers and associations appearing in addition to the Commission staff. Hearings were scheduled for July 6, 1981.

Bus Service Development Program

The Commission has been successful in helping to establish new public transportation services throughout the state, including scheduled intercity buses, airport limousines, commuter buses, sightseeing tours, and dial-a-ride operations.

In 1980–81 new or expanded intercity bus services were established in the San Joaquin Valley, in Kern County, along Highway 1 from Monterey to San Luis Obispo, within San Luis Obispo County, and in several other locations. The Central Coast between San Luis Obispo and Santa Maria, the Central Valley, and other areas will have new intercity bus service soon.

The Commission also helped develop new airport limousine services, especially to San Francisco International and Los Angeles International airports. These include services from Bakersfield, Valencia, and Santa Barbara to Los Angeles, and from Ukiah, Santa Rosa, Sacramento, Davis and Stockton to San Francisco. Northern San Diego County, Monterey, Watsonville, Santa Cruz and Modesto are also being

considered for new ground access to major airports. To publicize ground access to California's major airports, maps with descriptions of each transportation service available are being prepared.

The Commission's expedited home-to-work commuter bus certification procedure led the way to several new services during the 1980–81 fiscal year. Each new commuter bus removes 25 to 30 cars from the roads. There are now over 50 commuter bus operations in the state. Most serve the San Francisco Airport maintenance shops and the large electronic and aerospace companies in the Los Angeles area; some operate in locations as widespread as Yreka, Sacramento, Barstow, and San Diego.

Japanese Tour Operations in California

Several passenger stage corporations certificated by this Commission, who provide sightseeing tours in the Japanese language, filed complaints alleging that certain Japanese tour agencies are providing unauthorized passenger transportation in competition with them. After hearings the Commission decision found the tour agencies were operating illegally. Appeal to the California Supreme Court reaffirmed the Commission's decision.

Subsequently, the Japanese tour agencies filed applications for certificates as passenger stage corporations. Protests were filed by competing carriers. The Japanese tour operators were issued temporary passenger stage certificates pending hearings in the matter.

Oxnard Commuter Trains

By a joint complaint filed on May 18, 1978, the County of Los Angeles and the California Department of Transportation (Caltrans) asked that the Commission order Southern Pacific Transportation Company (SP) to operate passenger train service between Los Angeles and Oxnard. This service was to be funded by Caltrans. On June 3, 1980, the Commission ordered SP to begin the passenger commuter train service. SP's petition for rehearing was heard during October and November 1980 to allow SP to submit additional evidence.

On February 19, 1981, the County of Los Angeles withdrew its complaint and SP filed to dismiss the matter. Caltrans held firm to its position that LA County is not an essential party to the proceeding since it will be funding the commuter train service.

The Commission issued final orders for SP to start the passenger commuter train service. SP's requests for rehearing and motions to dismiss were denied.

Studying the Effect of Airline Deregulation

In October 1978, President Carter signed the Airline Deregulation Act, which abolishes, over a period of three to four years, the regulation of airline rates and routes. It preempted the power of the States to regulate scheduled airlines. In March and June 1979 a Federal District Court permanently enjoined the PUC from regulating scheduled intrastate airlines rates, routes and services and in May 1981, the Ninth Circuit Court of Appeals upheld the District Court.

During the 1980–81 fiscal year, special funds were authorized by the Legislature, for the Commission staff to study the effects of airline deregulation in California. It examined 48 markets within California in great detail and found that deregulation had a detrimental effect on intrastate air transportation. Since deregulation, fares have risen rapidly while the level of service has fallen.

The rate of increase in the cost of traveling by air within the state was found to have been much greater than the rate of increase in airline costs. The cost of traveling by air within the state is approximately $900,000,000 per year in 1981. This is $490,000,000 or 120% more than the annual cost of intrastate air travel before deregulation. Between September 1978 and September 1980, 50 percent of the markets had decreases in both the number of nonstop flights and seats offered, in contrast to 30 percent that had increases in both flights and seats. During this period the number of nonstop flights increased 6 percent but the number of seats on those nonstop flights decreased 21 percent.

Improving Railroad Safety in California

According to reports of all accidents occurring at railroad-highway crossings filed with the Commission, a total of 477 accidents occurred in 1980. They involved 34 fatalities and 132 injuries.

The Commission by its General Orders has the tools to help prevent these accidents and other railroad safety hazards.

Safety at Railroad Crossings

After public hearings, the Commission annually develops a priority list of railroad crossings most urgently in need of grade separation or alteration. For the 1980–81 fiscal year, $25,000,000 was appropriated under Section 190 of the Streets and Highways Code for grade separation projects. Six public agencies received allocations from the 1980–81 fiscal year funds.

Through the cooperation of cities, counties, railroads, the State Department of Transportation, and the Commission staff, existing grade crossing protection was improved at 135 locations in 1980. In addition, 27 new grade crossings were opened with automatic protection, making a total of 162 crossings at which automatic protection was installed during the year. Of these, 129 were provided with automatic gates.

Violations of Caboose Standards

Due to a sharp increase in complaints from railroad operating employees regarding caboose safety standards, the California State Legislative Board of the United Transportation Union filed contempt charges against the Southern Pacific Transportation Company on March 7, 1979 for continued failure to adhere to a Cease and Desist Order in Decision 65746 entered on June 23, 1963. Hearings were held in January and May of 1980. On June 16, 1981, the Commission found that the carrier had violated the Cease and Desist Order and General Order 114 on 13 occasions. Fines totaling $5,100 were levied and conditions imposed which define the procedures the Company must follow to avoid further contempt charges.

Clearances and Walkways

Of all deviations noted, during the 1980–81 fiscal year, the staff, in cooperation with railroad representatives, corrected 825 impaired clearances and 1,686 inadequate walkway conditions under General Orders 26D and 118.

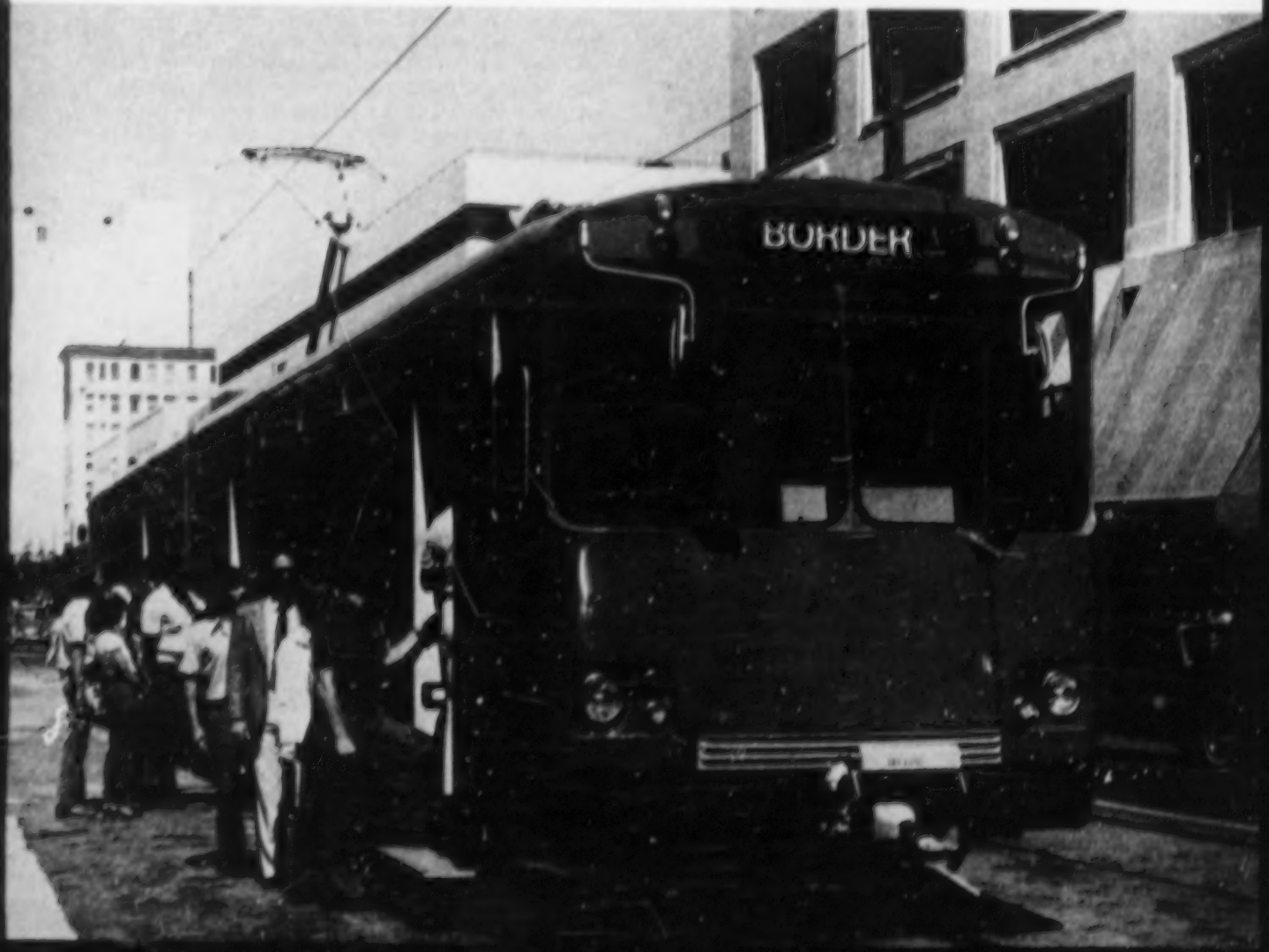
Major Accidents

In 1980, accidents on three of the four major railroads in the state resulted in lost lives, extensive property damage, and serious interruption of service. As a result, the Commission increased its testing for rule compliance and the safety of train operations. Teams were formed, and activities coordinated with officers from each railroad. Joint efficiency tests were performed on a regular basis. These tests included speed restrictions, signal observance and rule compliance.

Regulation of Rapid Transit Safety

The PUC regulates the safety appliances and procedures of the San Francisco Bay Area Rapid Transit District (BART), the Southern California

Passengers board the Tijuana Trolley, the rapid transit system developed by the San Diego Metropolitan Transit Development Board. The line runs from downtown San Diego to the Mexican Border, with seven stops in the downtown area and 11 suburban stations along the route.



Rapid Transit District (SCRTD), the Santa Clara County Transit District (SCCTD), and the San Diego Metropolitan Transit Development Board (MTDB). The Commission is charged with inspecting all work done by the districts and may make further additions or changes necessary for the safety of employees and the general public.

The staff is currently monitoring the operations of two public rail transit systems—BART and the San Diego Trolley. At the same time, the staff is actively reviewing the new system design proposals submitted by the SCRTD for its Wilshire Corridor starter line rail rapid transit project.

The staff is also working closely with several other transit agencies in interpreting Commission regulations and policies in connection with their light rail transit system proposals. Proposed light rail projects currently under review by the staff include the Guadalupe Corridor in Santa Clara County, the I-80 and Folsom Corridors near Sacramento, the Santa Ana Transportation Corridor in Orange County, and the Oakland Airport Transit Connector between BART's Coliseum Station and the Oakland International Airport.

The Commission continues to oversee BART's compliance with safety provisions in decision 90144, which was the result of hearings after the Transbay Tube fire of 1979. This decision requires BART to resolve many of the shortcomings which caused or contributed to the fire. The program has resulted in new procedures, in the installation of improved radio communications equipment and of better fire resistant materials in transit cars. Many of these mandated improvements, however, are not yet fully implemented.

On July 26, 1981 the San Diego Metropolitan Transit Development Board started revenue operations on its 16-mile San Diego Trolley system, which extends from Centre City to the Mexican/American border station at San Ysidro. The Commission staff has been involved in the design review of the rolling stock and the automatic block signal system and in developing operating rules for the joint operations of freight lines by a separate operating company over the same trackage. This new transit system is unique because it has been placed in operation approximately 20 months after ground-breaking and because it is funded solely from local sources.

On December 2, 1980 the Commission entered into an agreement with the California Department of Transportation to complete an investigation, funded by a 12-month $60,000 grant from the Urban Mass Transit Administration, to achieve the following major objectives:

1. Identify safety-related elements of various design and operational aspects of fixed-guideway rapid transit systems.
2. Determine the present state of the art of safety standards for fixed-guideway rapid transit systems.
3. Delineate those areas of fixed-guideway rapid transit safety which can be specified in a guideline or a standard format and those other areas which need further research and investigation.
4. Formulate a work plan which would enable the Commission to develop comprehensive safety standards for fixed-guideway rapid transit systems within the State of California.

Deregulation of Warehousemen

Senate Bill 1048, effective January 1, 1981, amended and repealed certain sections of the Public Utilities Code for public warehousemen. This bill removed the Commission's regulations over 231 public warehousemen.

Handling Consumer Complaints

The processing of consumer complaints continued to keep the staff busy during the past fiscal year. The number of complaints handled by the Compliance and Enforcement Branch increased significantly after October 1, 1980, when the Commission's Consumer Affairs Branch transferred the responsibility for all transportation complaints to the Transportation Division. The majority of complaints involved household goods carriers; the chief problem areas being loss and damage and underestimates.

Organizational Functions

Executive Director

Section 308 of the Public Utilities Code provides that "the commission shall appoint an executive director, who shall hold office during its pleasure. The executive director shall be responsible for the commission's executive and administrative duties and shall organize, coordinate, supervise, and direct the operations and affairs of the commission and expedite all matters within the commission's jurisdiction."

He assists the Commission president and coordinates the operations of the Commission to relieve the commission members of administrative detail, requiring the division heads and other employees to report to him concerning their duties and job performance. Excepted from this is the relationship of attorney and client which exists between the General Counsel and the members of the Commission.

The executive director prepares and presents the Commission's budget to the fiscal officers of the State and to the Legislature. He is further responsible for handling all budgetary and procurement matters relating to personnel, services and materials.

Necessary action is taken by the executive director to require that the duties, responsibilities and assignments of various divisions are accomplished effectively and efficiently; he issues directives to Commission employees to achieve those objectives.

The executive director is also required to keep a full and true record of all proceedings of the Commission, issue all necessary process, writs, warrants and notices, and perform such other duties as the Commission prescribes. The Commission may authorize the executive director to dismiss complaints or applications when all parties are in agreement thereto, in accordance with such rules as it may prescribe.

He also administers oaths, certifies to official acts and issues subpoenas for the attendance of witnesses and produces records needed at Commission hearings and investigations.

Legal Division

Section 307 of the Public Utilities Code provides that the General Counsel shall represent the Commission and the People of the State of California in all proceedings involving any question under the Public Utilities Act or involving any order or act of the Commission. Attorneys from the Appellate and Advisory Section review petitions for rehearing of Commission decisions and defend the Commission in the California and U.S. Supreme Courts. Attorneys assigned to the Federal Section represent the Commission in federal agency proceedings and defend the Commission in the federal courts. The Legal Division also provides legal advice and representation to the staff. Attorneys from the Staff Counsel Section represent the staff in Commission proceedings.

The following is statistical material reflecting appellate cases handled by the Legal Division during Fiscal Year 1980–81:

Petitions for rehearing filed	129
Granted or denied	102
Dismissed	3
Pending	24
Petitions for writ of review or mandamus filed	26
Petitions granted or denied	22
Petitions pending	4

Division of Administrative Law Judges

The Division of Administrative Law Judges assists the five Commissioners in discharging the quasi-judicial/legislative functions conferred upon the Commission by the California Constitution and statutes. In essence it is a support division interacting with the Utilities, Transportation, and Revenue Requirements Divisions in examination of formal matters filed with the Commission.

The records of the Division of Administrative Law Judges indicate that during this fiscal year the Commission issued a total of 1,289 decisions or orders.

Division	Decisions
Administrative Law Judges	714
Transportation	341
Utilities	127
Legal	107
Total	1,289

Of the 1,289 decisions, the Executive Director signed 115.

The following breakdown illustrates the various kinds of formal matters that come before the Commission and the number of decisions and orders issued during this fiscal year pertaining to each of such matters.

UTILITY

Abandonment

Hydraulics	1
Total	1

Agreements

Communications	1
Electric	1
Hydraulics	4
Total	6

Requests for Certificates of Public Convenience and Necessity

Communications	6
Electric	6
Gas	2
Hydraulics	5
Multi Utility	3
Total	22

Modification of or Exemption from Decisions/Amendments to GO

Communications	3
Electric	5
Gas	4
Hydraulics	8
Multi Utility	8
Total	28

Leases, Transfers, Acquisition of Control

Communications	7
Electric	1
Hydraulics	24
Multi Utility	2
Pipeline	1
Total	35

Miscellaneous Matters

Communications	2
Electric	5
Gas	3
Hydraulics	3
Multi Utility	7
Total	20

Rates

Departures, Revisions, Adjustments

Communications	1
Electric	5
Gas	1
Multi Utility	1
Total	8

Establishment

Communications	1
Total	1

Decrease

Electric	4
Gas	1
Total	5

Increase

Communications	8
Electric	10
Gas	13
Hydraulics	36
Multi Utility	7
Total	74

Security Issues

Communications	17
Electric	7
Gas	9
Hydraulics	18
Multi Utility	19
Total	70

Petitions for Modification/Rehearing of Decisions; Supplemental/Miscellaneous Orders

Communications	45
Electric	13
Gas	12
Hydraulics	32
Multi Utility	38
Total	140

Formal Complaints

Communications	38
Electric	6
Gas	8
Hydraulics	23
Multi Utility	14
Total	89

Commission Investigation

Communications	4
Electric	5
Hydraulics	3
Multi Utility	12
Total	24

Total Utility	523

TRANSPORTATION

Agreements

Vessel	1
Total	1

Requests for Certificates of Public Convenience and Necessity

Airline	1
Passenger Stage	127
Truck	68
Vessel	4
Warehouse	2
Total	202
Grade Crossing	55
Total	55

Modification of or Exemption from Decisions/Amendments to GO

Passenger Stage	2
Rail	5
Truck	10
Total	17

Leases, Transfers, Acquisition of Control

Passenger Stage	13
Truck	87
Vessel	1
Warehouse	1
Total	102

Miscellaneous Matters

Passenger Stage	5
Truck	1
Warehouse	1
Total	7

Rates

Departures, Revisions, Adjustments

Passenger Stage	2
Rail	1
Truck	131
Total	134

Establishment

Passenger Stage	1
Truck	1
Total	2

Increase

Passenger Stage	41
Rail	1
Truck	26
Vessel	5
Warehouse	7
Total	80

Security Issues

Truck	8
Warehouse	1
Total	9

Petitions for Modification/Rehearing of Decisions; Supplemental/Miscellaneous Orders

Airline	1
Passenger Stage	43
Rail	19
Truck	45
Vessel	2
Total	110

Formal Complaints

Passenger Stage	11
Rail	2
Truck	6
Total	19

Commission Investigation

Passenger Stage	2
Rail	4
Truck	21
Warehouse	1
Total	28
Total Transportation	766

The following tabulation will condense the above data according to the particular utility or type of transportation involved:

Utility

Communications	133
Electric	68
Gas	53
Hydraulics	157
Multi Utility	111
Pipeline	1
Total Utility	523

Transportation

Airlines	2
Passenger Stage	247
Rail/Grade Crossing	87
Truck	404
Vessel	13
Warehouse	13
Total Transportation	766
GRAND TOTAL	1,289

Utilities Division

The Utilities Division is responsible for matters relating to the regulation of investor-owned electric, gas, water, steam and sewer utilities.

The Utilities Division staff consists of professional, technical and clerical personnel who assist the Commission in meeting its statutory obligations relating to the regulation of utility rates, service, certification, and safety of utility facilities.

Communications Division

It is the responsibility of the Communications Division to administer legislative statutes and Commission orders pertaining to investor owned telephone, telegraph, and radio telephone utilities which provide service within the State of California.

The primary objective of the Communications Division is to assure that the rate payers of California are receiving the best possible service at the most reasonable cost.

Revenue Requirements Division

The Revenue Requirements Division is responsible for the regulation of major utility rates and financing, and advises the Commission on auditing, accounting, engineering and economic matters. The division's professional staff is multi-disciplined, consisting of CPA-Accountants, Economists and Professional Engineers.

Transportation Division

The Commission regulates motor carriers of freight, privately-owned passenger buses, railroads, and vessels. It is also charged with overseeing the safety of railroad operations and grade crossings and of certain public rail transit systems. The Transportation Division provides the Commission with staff support for its regulation of transportation rates and services.

It is the responsibility of the Transportation Division staff to ensure that rates fixed by the Commission are just and reasonable and that the service which the public receives from regulated carriers is adequate. The Division must also make sure that carriers adhere to the rates, rules, and regulations which govern transportation in California. As part of its administrative duties, the Division issues licenses to operate and collects statutory fees.

Policy and Planning Division

The Policy and Planning Division was formed in 1980 with a mission to look beyond the Commission's daily responsibilities and to analyze emerging policy issues and the impact of a changing regulatory environment (resulting from new economic, financial, institutional, and technological trends) on the role and procedures of the Commission. The Division has worked on developing a strategic plan for the Commission. Its staff has also developed policy issue papers and participated in several formal proceedings on major policy issues.

Members of the division staff have represented the Commission in testifying before Congress, state and federal agencies, and the Legislature on such subjects as lifeline rates, utility resource and financial planning, the role of utilities in expanding small power production, and evaluation of utility conservation programs.

Management Services Division

The Management Services Division supports the Commission as a whole providing services essential for its daily operations. Additionally, it carries out a number of statutory functions required by the Public Utilities Code. Among the most important programs ordered by the Division are those concerned with Administrative Services, Data Processing, Personnel, Employee Training and Development, Fiscal Operations, and Budget Planning.

Office of Public Affairs

The Office of Public Affairs was assembled as a separate division in the fall of 1979, to coordinate and improve two-way communications between the Commission and the general public.

The Information Office communicates through the media and by means of a variety of special publications. The Consumer Liaison Office helps organized consumer groups participate more effectively in both formal and informal Commission proceedings. The Consumer Affairs Branch handles complaints and inquiries from individual utility customers.

CONSUMER AFFAIRS SUMMARY REPORT—1980/81

UTILITIES	SAN FRANCISCO	LOS ANGELES	TOTAL
Total Cases Filed	21,620	26,071	47,691
Cases Closed	20,066	24,553	44,619
Cases Still Open	1,554	1,518	3,072
Money Refunded	$74,520.13	$336,729.44	$411,249.57

CENTREX-TRANSFER	
PG&E	2,866
PT&T (NO.)	6,034
(SO.)	7,047
Gen'l Tel	4,339
Edison	2,700
So. Cal Gas	1,138
	24,124
CAB Filed	47,691
Total	71,815

CASE DETAIL	FILED			CLOSED			STILL OPEN			REFUND	
	S.F.	L.A.	TOTAL	S.F.	L.A.	TOTAL	S.F.	L.A.	TOTAL	S.F.	L.A.
Communications	9,635	12,180	21,815	9,441	11,283	20,724	194	897	1,091	$50,932	$183,567
Electric	7,926	9,706	17,632	7,129	9,270	16,399	797	436	1,233	12,821	107,391
Gas	2,998	3,168	6,166	2,510	3,033	5,543	488	135	623	5,884	41,187
Water	686	669	1,355	620	622	1,242	66	47	113	4,838	4,585
Other	375	348	723	366	345	711	9	3	12	45	-0-
TOTALS	21,620	26,071	47,691	20,066	24,553	44,619	1,554	1,518	3,072	$74,520	$336,730

Statistical Section

UTILITIES

RATE REVISIONS
July 1, 1980 to June 30, 1981

Type of Utility	Rate Revision
Increases	
Gas	$737,247,411
Steam	1,648,300
Electric	620,654,417
Communications	107,576,000
Water	21,992,490
Total	$1,489,118,618
Reductions	
Gas	244,191,200
Steam	–
Electric	937,000,000
Communications	–
Water	–
Total	$1,181,191,200
Net Change	
Gas	493,056,211
Steam	1,648,300
Electric	(316,345,583)
Communications	107,576,000
Water	21,992,490
Total	$307,927,418

( ) = Reduction

FORMAL RATE PROCEEDINGS
Decisions Effective July 1, 1980 to June 30, 1981
NATURAL GAS PROCEEDINGS

Application No.	Utility	Rate Increase Requested	Authorized	Percent
OII #19	Southern California Gas	$(12,379,000)	$(12,379,000)	100.0 [b]
53625	Southern California Gas	(10,398,000)	(10,398,000)	100.0 [c]
54807	Southwest Gas Corp.	371,000	371,000	100.0 [b]
55789	Southwest Gas Corp.	71,179	71,179	100.0 [b]
56709	Pacific Gas & Electric	25,530,000	25,530,000	100.0 [c]
59316	Southern California Gas	178,900,000	142,726,000 [1]	79.8 [a]
59359	Southwest Gas Corp.	1,183,300	607,000	51.3 [a]
59391	San Diego Gas & Electric	34,701,000	34,701,000	100.0 [b]
59508	Southern California Gas	382,698,000	354,538,000	92.6 [b]
59550	CP National	419,400	398,169	94.9 [a]
59551	CP National	92,200	83,437	90.5 [a]
59724	San Diego Gas & Electric	1,600,000	910,000	56.9 [b]
59788	San Diego Gas & Electric	16,500,000	14,958,000	90.7 [a]
59869	Southern California Gas	9,054,000	5,206,000	57.5 [b]
59902	Pacific Gas & Electric	66,900,000	34,931,000	52.2 [b]
59929	Southern California Gas	(127,800,000)	(221,414,200)	(173.2) [a]
60013	San Diego Gas & Electric	16,729,000	13,000,000	77.7 [b]
60056	Pacific Gas & Electric	19,140,000	3,764,426	19.7 [b]
60263	Pacific Gas & Electric	244,170,000	35,665,000	14.6 [b]
60339	Southern California Gas	197,000,000	69,787,000	35.4 [b]
	TOTAL	$1,044,482,079	$493,056,011	47.2
	Pass Through Increases	832,255,179	319,151,405	57.4 [b, d]
	General Rate Increase	197,094,900	(158,772,606)	(10.7) [a]
	GEDA	15,132,000	15,132,000	100.0 [c]
	Rate Refunds	(377,736,800)	(377,736,800)	100.0
	TOTAL ALL INCREASES	$666,745,279	$115,319,211	17.3
	Butane Proceedings			
58330	Southern California Edison	609,600	31,800	5.2 [a]
	Steam Proceedings			
53970	San Diego Gas & Electric	$509,300	509,300	100.0 [b]
57202	Pacific Gas & Electric	1,131,900	969,000	85.6 [a]
58067	San Diego Gas & Electric	170,000	170,000	100.0 [b]
	TOTAL	$1,811,200	$1,648,300	91.0
	Pass Through Increases	679,300	679,300	100.0 [b]
	General Rate Increases	1,131,900	969,000	85.6 [a]
	Rate Refunds	(40,000)	(40,000)	100.0
	TOTAL	$1,771,200	$1,608,300	90.8

[a] General Rate Case
[b] Offset Proceeding
[c] GEDA (Gas Exploration Development Adjustment)
[d] Interim decision
[1] Excludes $45 million increase for attrition effective January 1, 1982

Communications Proceedings

Application No.	Utility	Rate Increase Requested	Rate Increase Authorized	Percent
92336	General Telephone Co.	$119,044,000	$97,500,000	81.9 [a]
92804	Continental Telephone Corp.	18,308,000	10,076,000	55.0 [a]
	TOTAL	$137,352,000	$107,576,000	78.3

[a] General Rate Increase

Water Proceedings

58629	Pacific Gas & Electric	$627,190	$249,000 [a,c]	39.7
59426	So Cal Water	2,709,000	2,101,000 [a]	77.6
59660	California Water Service	2,124,700	2,496,000 [a]	117.5
59745	Southwest-Suburban Water Co.	4,810,600	2,286,600 [a]	47.5
59819	San Jose Water Works	6,996,800	6,289,400 [a]	89.9
59867	Dominguez Water Co.	1,032,900	694,800 [a]	67.3
58628	Pacific Gas & Electric Co.	249,000	262,000 [a,c]	105.2
58630	Pacific Gas & Electric Co.	865,000	547,000 [a,c]	63.2
59631	Pacific Gas & Electric Co.	1,054,000	736,000 [a,c]	69.8
58632	Pacific Gas & Electric Co.	473,000	330,200 [a,c]	69.8
58633	Pacific Gas & Electric Co.	275,000	175,200 [a,c]	63.7
59418	California-American Water Co.	406,800	415,400 [a,b]	102.1
59419	California-American Water Co.	347,300	396,800 [a,b]	114.3
59420	California-American Water Co.	365,600	387,400 [a,b]	106.0
59594	So Cal Water Co.	794,100	804,300 [a]	101.3
W-2779	California Water Service Co.	74,900	60,900 [a]	81.3
W-2780	California Water Service Co.	137,300	115,200 [a]	83.9
59661	California Water Service Co.	794,800	709,800 [a]	89.3
59662	California Water Service Co.	668,800	551,600 [a]	82.5
59663	California Water Service Co.	632,200	510,900 [a]	80.8
59664	California Water Service Co.	1,107,000	807,800 [a]	73.0
59665	California Water Service Co.	466,500	348,500 [a]	74.7
	TOTAL	27,012,490	21,275,800	78.8
57766	Pomona Valley Water Co.	100,100	84,740	84.7
59343	Hillview No. 6 Water Co.	2,620	2,620	100.0
59181	Crystal Falls Water Co.	36,270	22,080	60.9
59317	Camp Meeker	48,140	16,200	33.7
59505	Valencia	259,200	247,000	95.3
59527	Santa Paula Water Works, Ltd.	333,700	322,300	96.6
59961	Hillview (Goldside-Hillview)			
59962	Hillview (Sierra Lakes)			
59963	Hillview (Coarsegold-Highlands)	21,750 [f]	21,750 [f]	100.00
59964	Hillview (Raymond)			
59965	Hillview (Royal Oaks-Sunnydale)			
	Total	801,780	716,690	89.4
	Total Large Water Companies	$27,012,490	$21,275,800	
	Total Small Water Companies	801,780	716,690	
	GRAND TOTAL (WATER)	$27,814,270	$21,992,490	79.1%

[a] General rate case; three-year step increase unless otherwise footnoted.
[b] Company request is for a two-year step increase; authorized is for a three-year step increase.
[c] Company request and authorization is for a one-year increase.
[f] Five proceedings decided by one decision.

Electric Proceedings

Application No.	Utility	Rate Increase Requested	Rate Increase Authorized	Percent
59351	Southern California Edison	340,183,000	294,200,000 [a]	86.5
59548	CP National	764,200	433,000 [a]	56.7
59549	CP National	290,300	83,000 [a]	28.6
59552	CP National	81,500	25,000 [a]	30.7
59643	San Diego Gas & Electric	209,200,000	209,200,000 [b]	100.0
59694	Pacific Gas & Electric	(261,000,000)	(261,000,000) [b]	100.0
59788	San Diego Gas & Electric	107,700,000	80,943,500 [a]	75.2
59830	Southern California Edison	950,400	400,000 [b]	42.1
59831	Southern California Edison	(236,300,000)	(236,300,000) [b]	100.0
59894	Sierra Pacific Power Co.	5,642,000	1,533,800 [a]	27.2
59902	Pacific Gas & Electric	248,800,000	121,076,000 [c]	48.7
59915	Sierra Pacific Power Co.	1,293,383	1,293,383 [b]	100.0
59945	San Diego Gas & Electric	(25,000,000)	(27,400,000) [b]	109.6
60007	Pacific Gas & Electric	(178,000,000)	(178,000,000) [b]	100.0
60075	Southern California Edison	(193,800,000)	(193,800,000) [b]	100.0
60161	San Diego Gas & Electric	(40,500,000) [d]	(40,500,000) [b]	100.0
60225	Pacific Gas & Electric	529,200,000	324,273,000 [b]	61.0
	Total	509,504,783	316,345,583	62.1
	Pass Through Increases	(193,956,217)	(196,906,617)	101.52
	General Rate Increases	703,461,000	513,252,200	73.0
	Total All Increases	509,504,783	316,345,583	62.1
	All Formal Proceedings			
	Total of Pass Through Increases	572,078,262	(116,933,912)	(20.4)
	Total of General Rate Increases	818,663,670	666,560,196	81.4
	Total Other Adjustments	(46,944,800)	(206,637,800)	440.2
	Total All Proceedings	1,343,797,132	342,988,484	25.5

( ) = Reduction
[a] General Rate Case
[b] Offset Proceeding
[c] Interim Increase
[d] Original request of $50,100,000 was decreased at hearing.

TYPICAL GAS, ELECTRIC AND TELEPHONE BILLS
25 LARGEST CITIES IN THE UNITED STATES
as of June 30, 1981

City	Population 1980 Census	Gas 70 Therms	Electric 500 kWH.	Telephone** Flat Rate	Total Bill
Seattle	493,846	43.11	5.84*	7.30	$56.25
Memphis	646,356	21.58	23.15*	12.05	56.78
Indianapolis	700,807	27.53	25.18	11.36	64.07
St. Louis	453,085	31.36	26.18	7.05	64.59
San Antonio	785,410	28.63	29.38*	7.20	65.21
Los Angeles	2,966,763	28.86	35.03*	6.00	69.89
Dallas	904,078	24.33	38.49	7.70	70.52
Houston	1,594,086	31.10	32.09	8.20	71.39
San Francisco	678,974	38.19	29.02	6.00	73.21
San Jose	625,763	38.19	29.02	6.00	73.21
Columbus	654,871	26.79	35.56	11.25	73.60
Phoenix	764,911	27.03	36.54	9.50	73.70
Detroit	1,203,339	34.01	31.70	9.48	75.19
Denver	491,396	40.05	27.54	8.00	75.59
Chicago	3,005,072	31.58	39.63	5.65	76.89
Baltimore	786,775	33.98	34.00	9.85	77.83
New Orleans	557,482	34.01	30.70	13.40	78.11
Milwaukee	636,212	36.60	34.95	9.00	80.55
Cleveland	573,822	25.36	42.85	12.65	80.86
San Diego	875,504	29.74	48.29	5.70	83.73
Washington, D.C.	637,651	41.42	35.41	8.18	85.01
Jacksonville	540,898	34.07	40.80*	11.05	85.92
Philadelphia	1,688,210	43.70	42.90	7.50	94.10
Boston	562,994	38.59	50.89	10.65	100.13
New York	7,071,030	49.89	76.00	5.94	131.83

* Public power utility.
** Additional instrument charge is made in certain cities, if applicable
All figures include minimum customer charges, base rates, fuel/energy charges. Taxes not included.

TABLE I
RATE CASE PROCESSING PLAN
1980–1981

MAJOR ENERGY UTILITIES	STATUS	DAYS PLAN	DAYS ACTUAL
1. *Sierra Pacific Power Company*			
A-59894	NOI-24 filed: 6/13/80	–60	–67 [1]
	Submitted: 2/2/81	200	166
	Brief due: 4/6/81	245	229
	Interim Dec.: 5/5/81	–	258
2. *San Diego Gas & Electric Co.*			
	NOI-21A filed: 10/22/80	–60	
A-59788 (Amended)	App. filed: 12/22/80	1	1
	Prehrg. Conf.: 4/27/81	75	127 [2]
	Hearings Comm.: 4/27/81	80	127 [2]
3. *Pacific Gas and Electric Co.*			
A-60153	NOI-33 filed: 10/24/80	–60	–60
	App. filed: 12/23/80	1	1
	Prehrg. Conf.: 1/5/81	8	14
	Prehrg. Conf.: 3/13/81	75	81
	Public Witness Hearings Held: 3/3–3/10/81	71–78	71–78
	Hearings Comm.: 3/17/81	80	86
	Expected Completion: 7/24/81	200	212
4. *Southwest Gas Corporation*			
A-60714	NOI-48 filed: 4/29/81	–60	–60
	App. filed: 7/16/81	1	7

[1] Adjusted to reflect utility's late filing of application.
[2] Due to back-to-back test years, interim decision delayed hearings to allow staff to include 1980 recorded data in its analysis.

Offset & General Rate Increases
Major Gas & Electric Utilities Fiscal Year 80/81
(,000 Omitted)

	Type of Proceeding	Application Number	Date Filed	Amount Requested
Pacific Gas and Electric Company	ECAC	60007	10-20-80	$(178,000)
	ECAC	60225	1-30-81	176,000
	ECAC	60616	6-02-81	326,000
	GAC	60006	10-20-80	293,000
	GAC	60263	2-17-81	244,000
	General Rate	60153	12-23-80	1,455,000
Total				$2,316,000
San Diego Gas and Electric Company	ECAC	59945	9-18-80	(25,000)
	ECAC	60161	12-30-80	(40,000)
	PGA/SAM	60013	10-22-80	17,000
	PGA/SAM	60364	3-17-81	20,000
	General Rate	59788	7-01-80	145,000
Total				$117,000
Southern California Edison Company	ECAC	59831	7-23-80	(237,000)
	ECAC	60075	11-10-80	(194,000)
	ECAC	60321	3-02-81	127,000
Total				$(304,000)
Southern California Gas Company	PGA/SAM	59929	9-08-80	(128,000)
	CAM	60339	3-09-81	229,000
Total				$101,000
Grand Total				$2,230,000

( ) = reduction

Operating Revenue of Large Utilities in California
Years 1971 through 1980

End-of-Year	Gas*	Steam	Electric	Water	Telephone	Total	Annual Incr.
			(Dollars in Thousands)				
1971	$1,213,355	$1,750	$1,646,063	$105,735	$2,717,268	$5,684,171	11%
1972	1,262,144	1,730	1,859,381	115,033	2,943,864	6,182,152	9
1973	1,320,123	1,982	2,113,306	118,627	3,288,807	6,842,845	11
1974	1,473,583	1,837	2,690,982	123,659	3,603,159	7,893,220	15
1975	2,023,325	2,747	3,069,852	135,638	3,989,035	9,220,597	17
1976	2,215,931	3,342	3,549,868	156,292	4,440,786	10,366,219	12
1977	2,596,509	3,327	4,437,762	151,587	4,957,906	12,147,091	17
1978	2,806,942	3,834	4,943,436	161,986	5,549,300	13,465,498	11
1979	3,796,111	3,786	5,038,932	178,173	6,136,413	15,153,415	13
1980	5,024,015	4,315	7,199,207	199,744	7,088,938	19,516,219	29
Annually Compounded Growth Rate 1971–1980	15.3%	9.4%	15.9%	6.5%	10.1%	13.1%	–

* Revenue less interdepartmental sales.

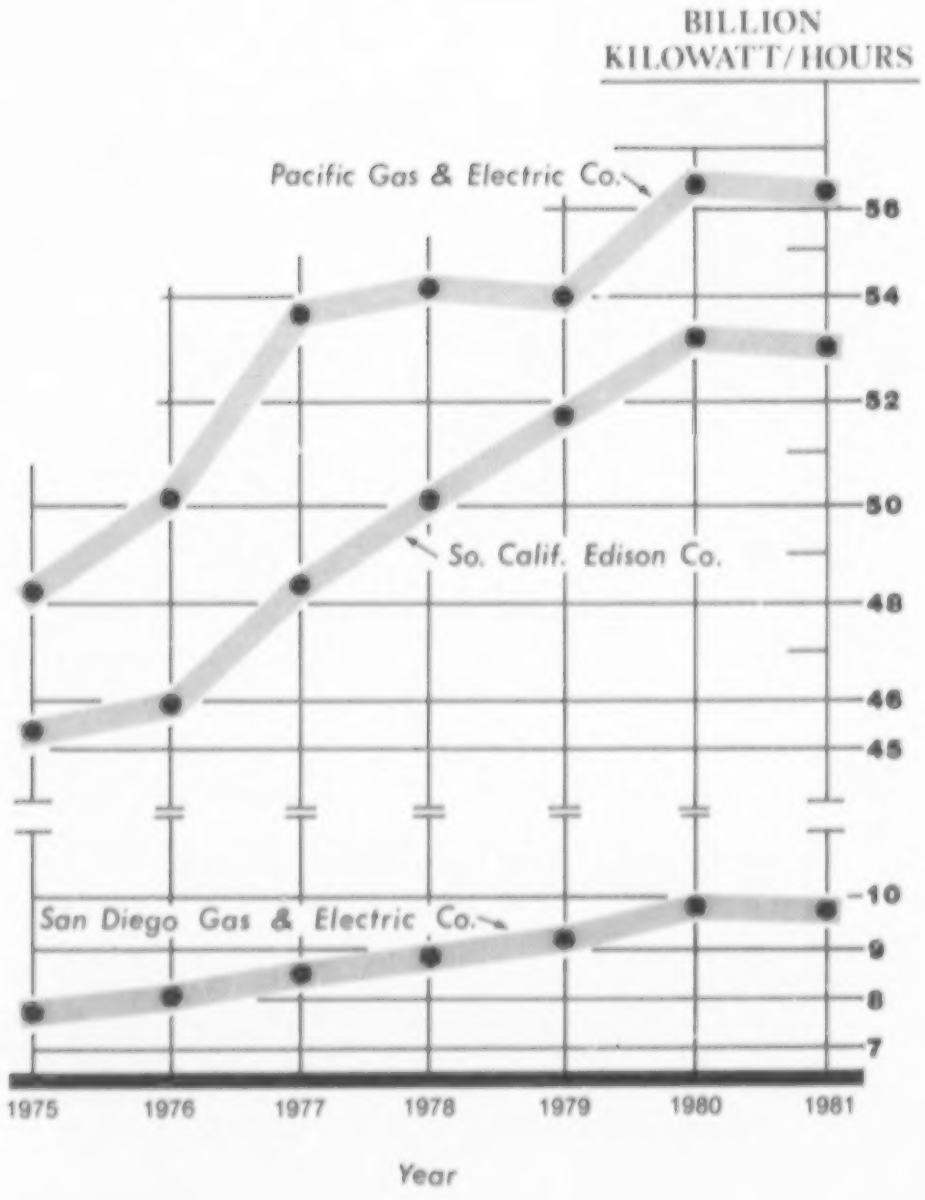
Utility Plant of Large Utilities in California
Years 1971 through 1980

End-of-Year	Gas	Steam	Electric	Water	Telephone	Total	Annual Incr.
			(Dollars in Thousands)				
1971	$2,464,365	$7,315	$8,254,428	$554,361	$8,277,352	$19,557,821	9%
1972	2,585,758	6,894	8,704,580	603,366	9,051,245	20,951,843	7
1973	2,724,386	7,303	9,222,695	619,480	9,879,537	22,453,401	7
1974	2,873,115	7,073	9,787,542	649,666	10,661,324	23,978,720	7
1975	3,048,225	7,209	10,308,529	675,697	11,570,071	25,609,731	7
1976	3,243,001	9,989	10,839,445	689,946	12,484,380	27,266,761	6
1977	3,402,538	10,385	11,462,374	726,664	13,697,698	29,299,659	7
1978	3,571,350	10,485	12,235,252	789,126	15,221,648	31,827,861	9
1979	3,764,462	10,625	12,895,178	810,625	17,200,592	34,681,482	9
1980	4,001,702	10,828	13,741,226	866,479	19,225,345	37,845,580	9
Annually Compounded Growth Rate 1971–1980	5.0%	4.0%	5.2%	4.6%	8.8%	6.8%	–

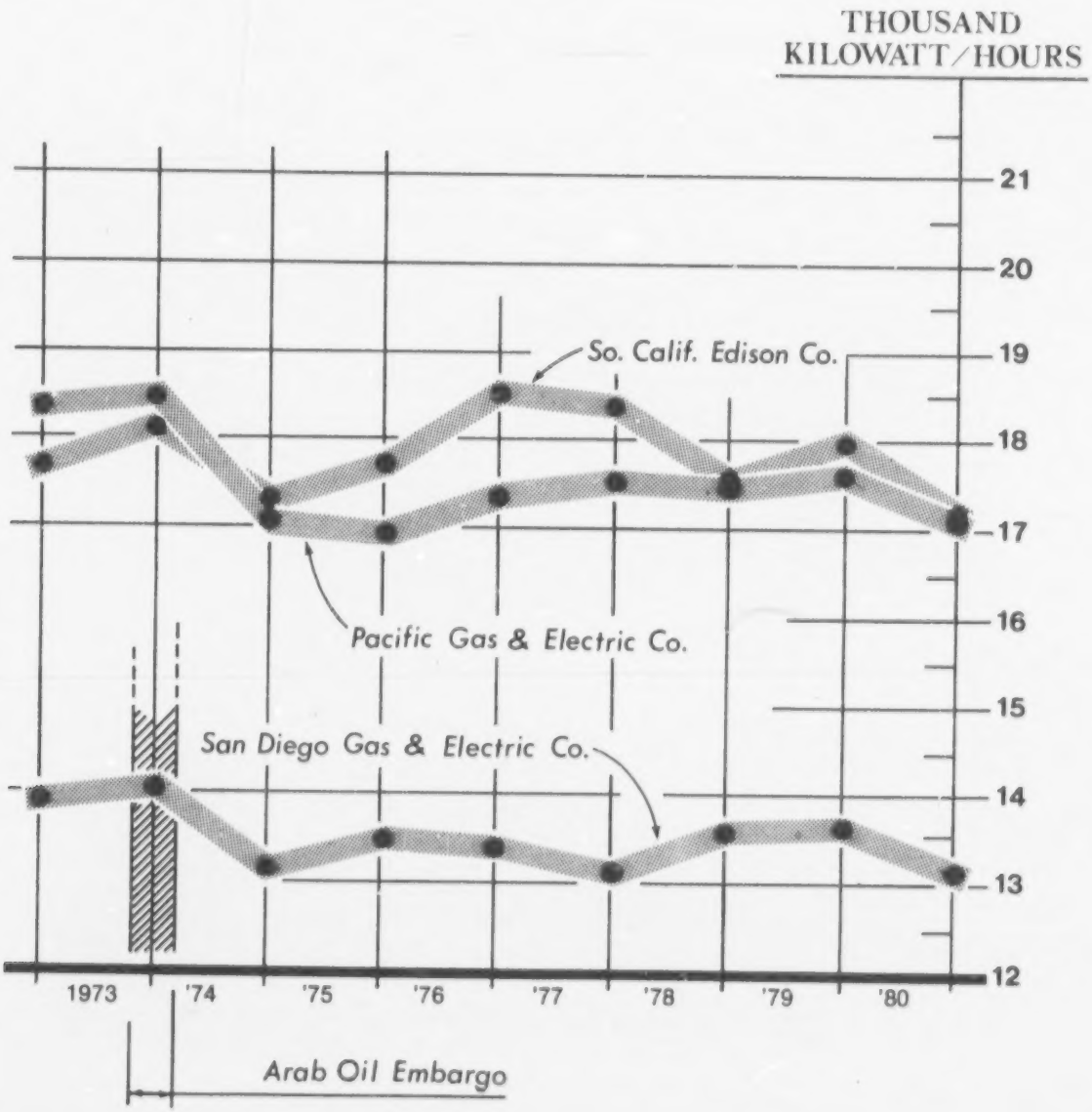
Customers of Large Utilities in California
Years 1971 through 1980

End-of-Year	Gas	Steam	Electric	Water	Telephone*	Total	Annual Incr.
			(Customers in Thousands)				
1971	5,891	0.4	5,703	1,010	7,752	20,357	3%
1972	6,010	0.4	5,853	1,036	8,040	20,940	3
1973	6,133	0.4	6,078	1,052	8,361	21,625	3
1974	6,258	0.4	6,252	1,068	8,607	22,186	3
1975	6,417	0.4	6,404	1,099	8,897	22,818	3
1976	6,556	0.3	6,577	1,124	9,212	23,470	3
1977	6,722	0.3	6,795	1,106	9,671	24,295	4
1978	6,894	0.3	7,007	1,124	10,022	25,047	3
1979	7,067	0.3	7,233	1,138	10,461	25,899	3
1980	7,203	0.3	7,420	1,150	10,785	26,558	3
Annually Compounded Growth Rate 1971–1980	2.0%	(2.9%)	2.7%	1.3%	3.4%	2.7%	–

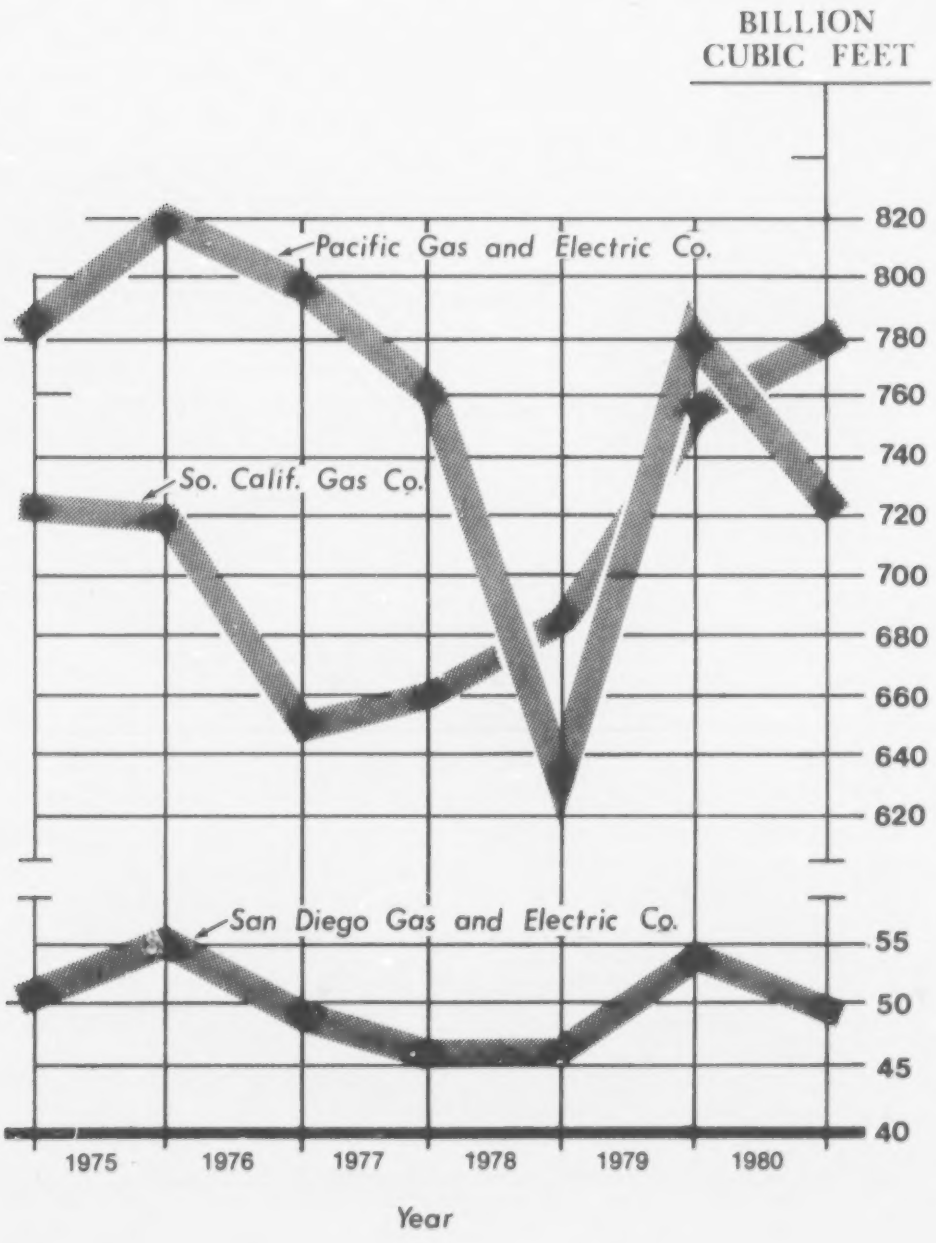
Major Electric Utilities
Electricity Sales - Other Than Resale
Recorded



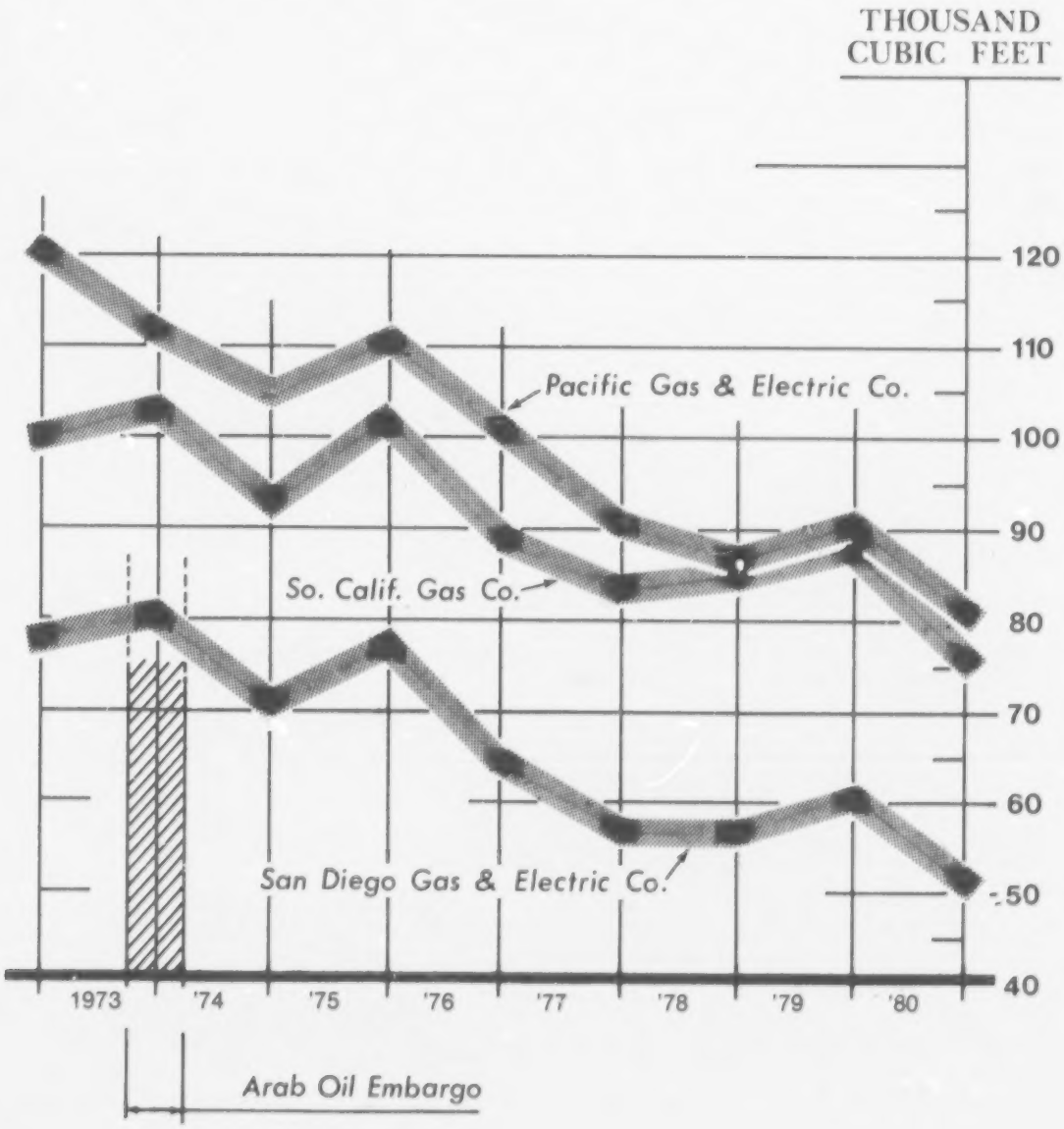
Major Electric Utilities
Average Electric Sales/Customer
Recorded



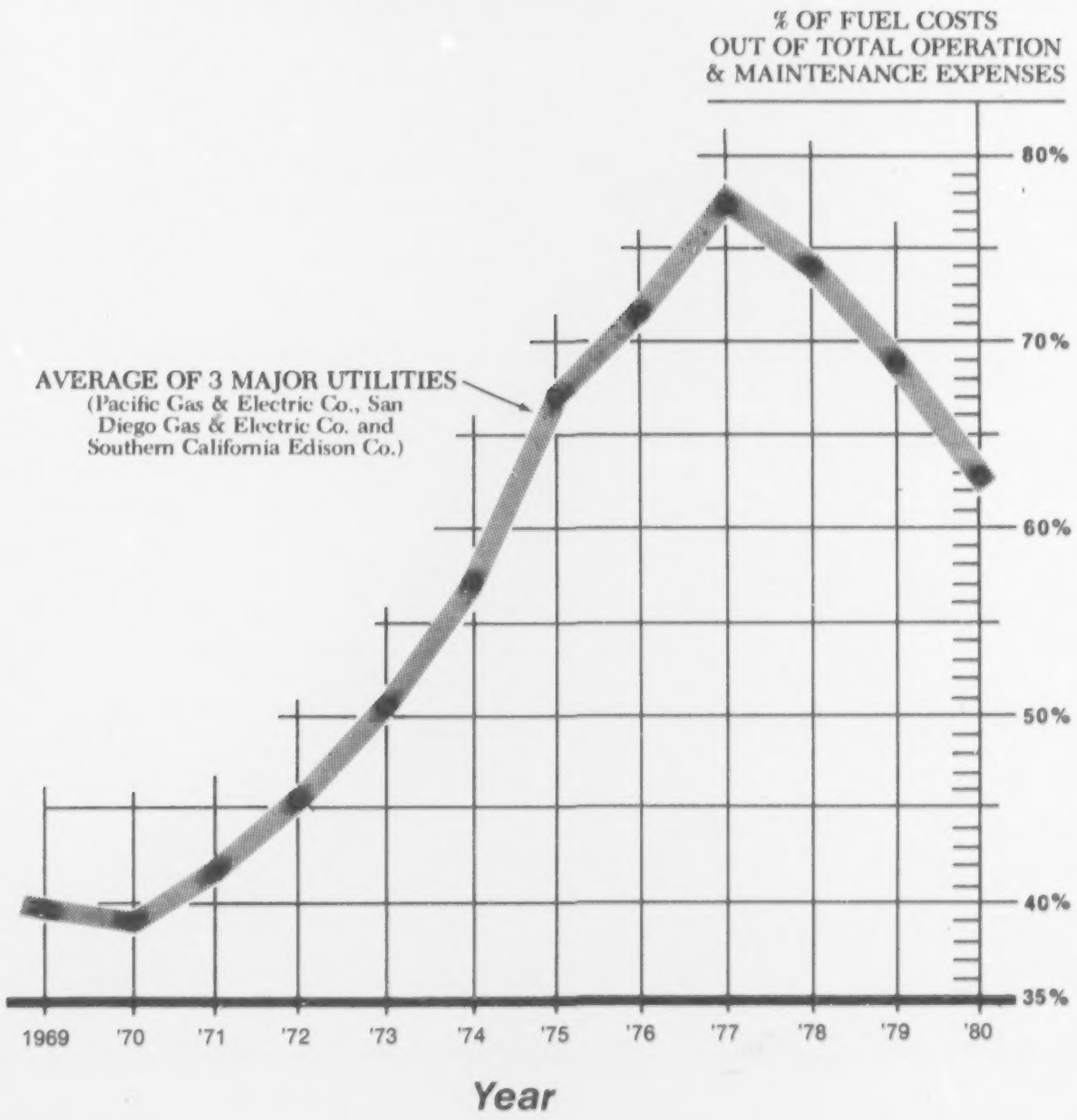
Major Gas Utilities
Gas Sales - Other Than Resale
Recorded



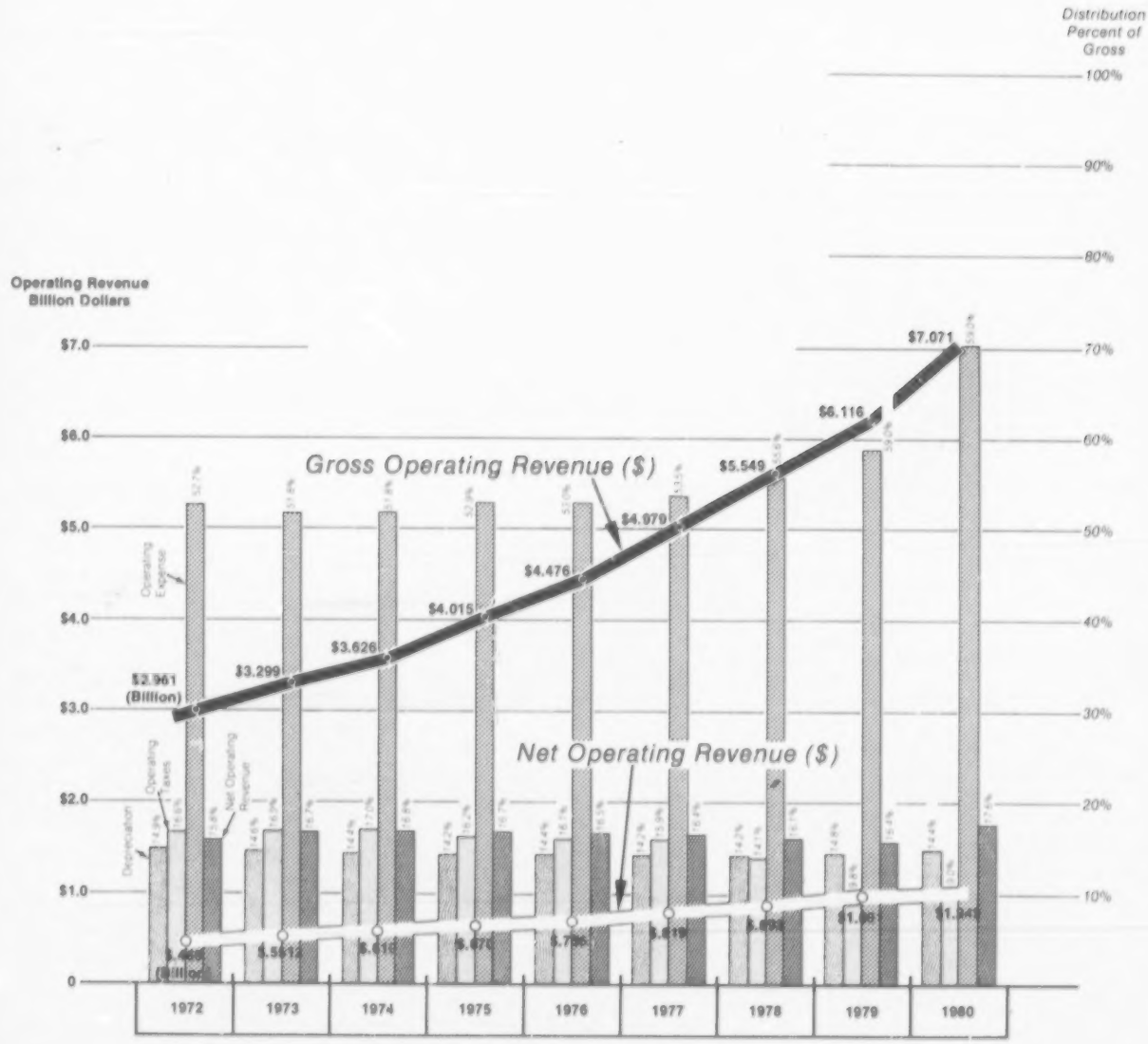
Major Gas Utilities
Residential Gas Sales/Customer
Recorded



Fuel Cost as a Percentage of Total Operation and Maintenance Expense of Generating Electricity

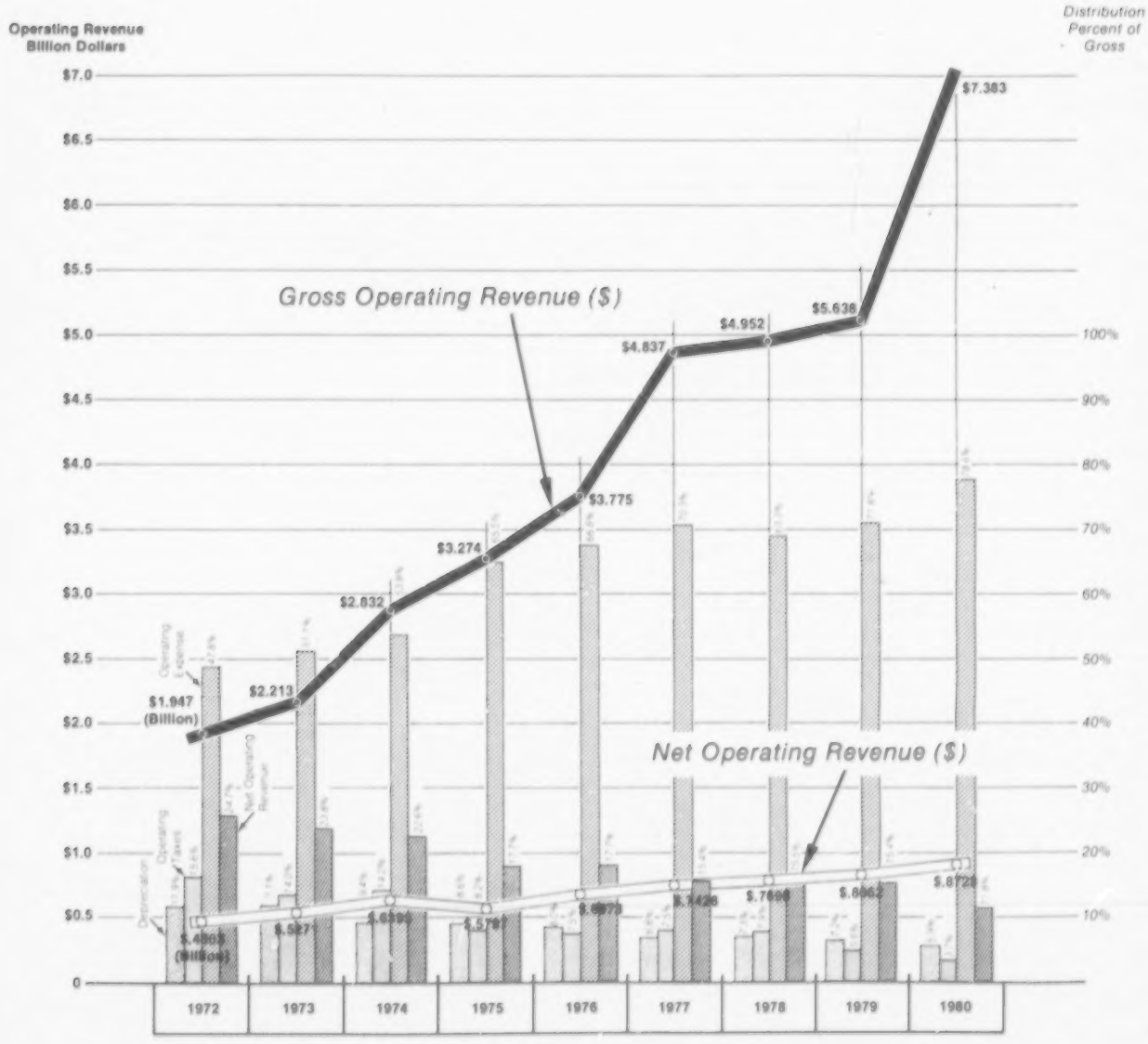


DISTRIBUTION OF GROSS OPERATING REVENUE LARGE TELEPHONE UTILITIES IN CALIFORNIA



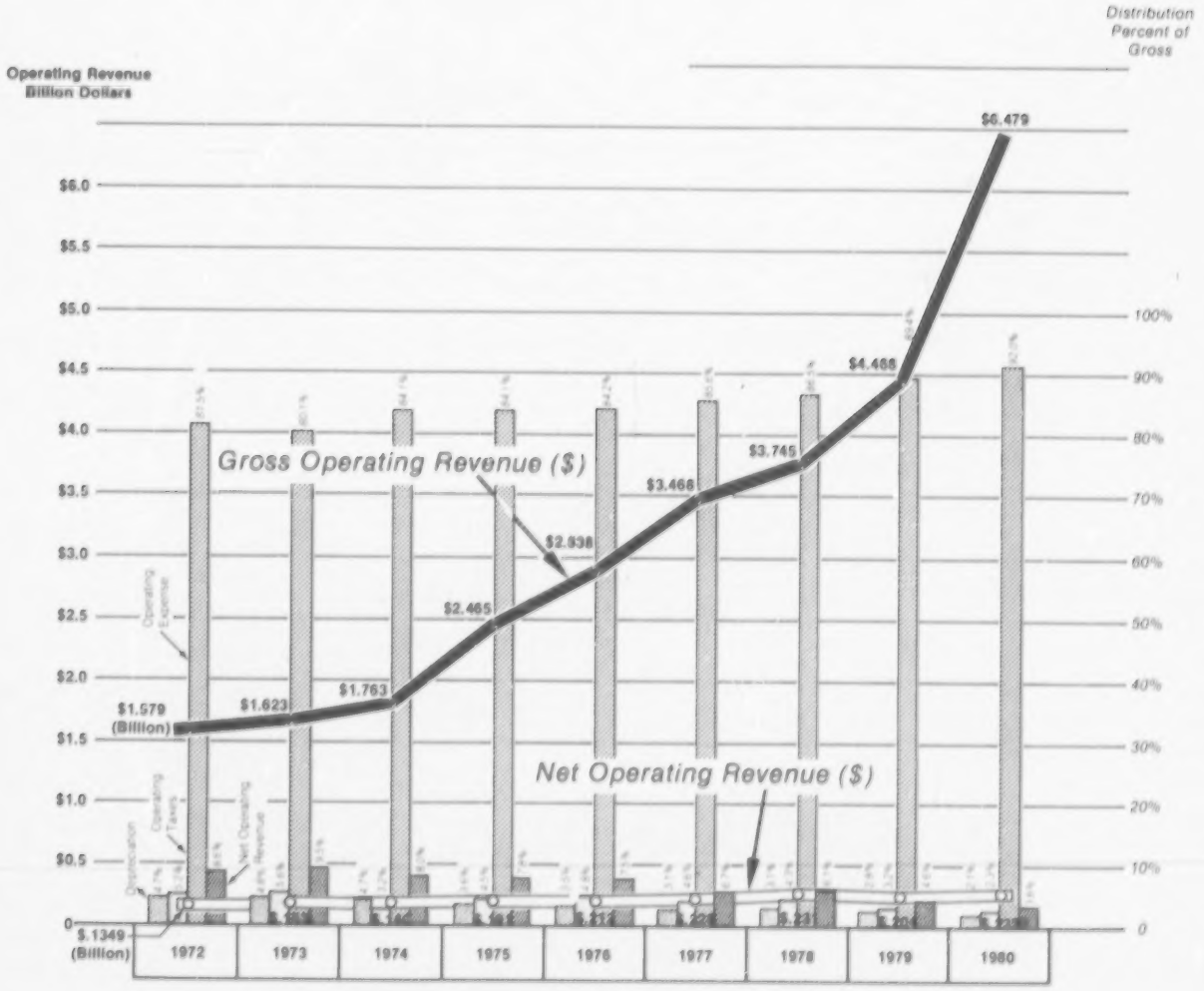
NOTE: Distribution percentage allotted to Depreciation + Operating Taxes + Operating Expenses + Net Operating Revenue = 100% = Gross Operating Revenue.

DISTRIBUTION OF GROSS OPERATING REVENUE LARGE ELECTRIC UTILITIES IN CALIFORNIA



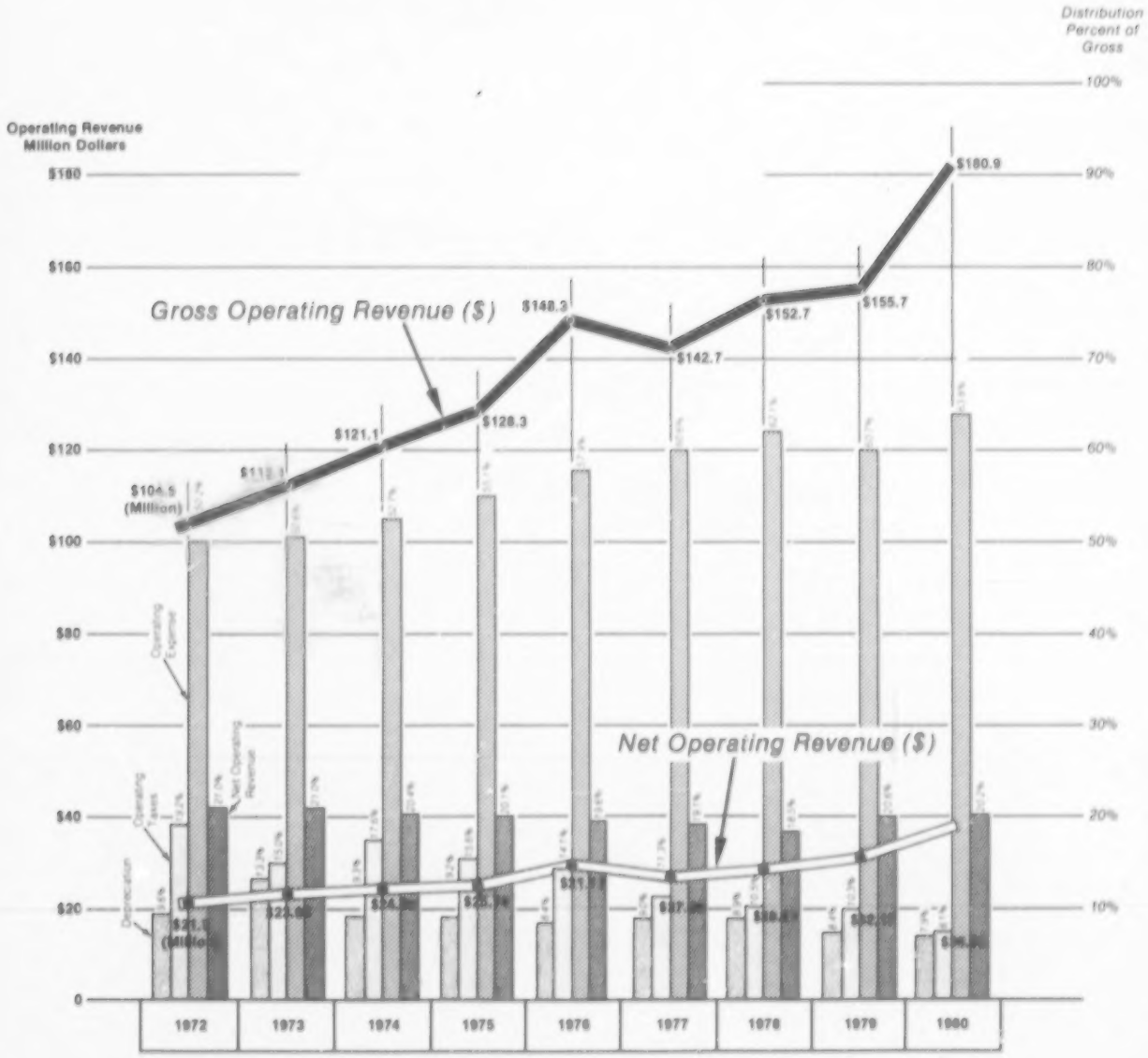
NOTE: Distribution percentage allotted to Depreciation + Operating Taxes + Operating Expenses + Net Operating Revenue = 100% = Gross Operating Revenue.

DISTRIBUTION OF GROSS OPERATING REVENUE LARGE GAS UTILITIES IN CALIFORNIA

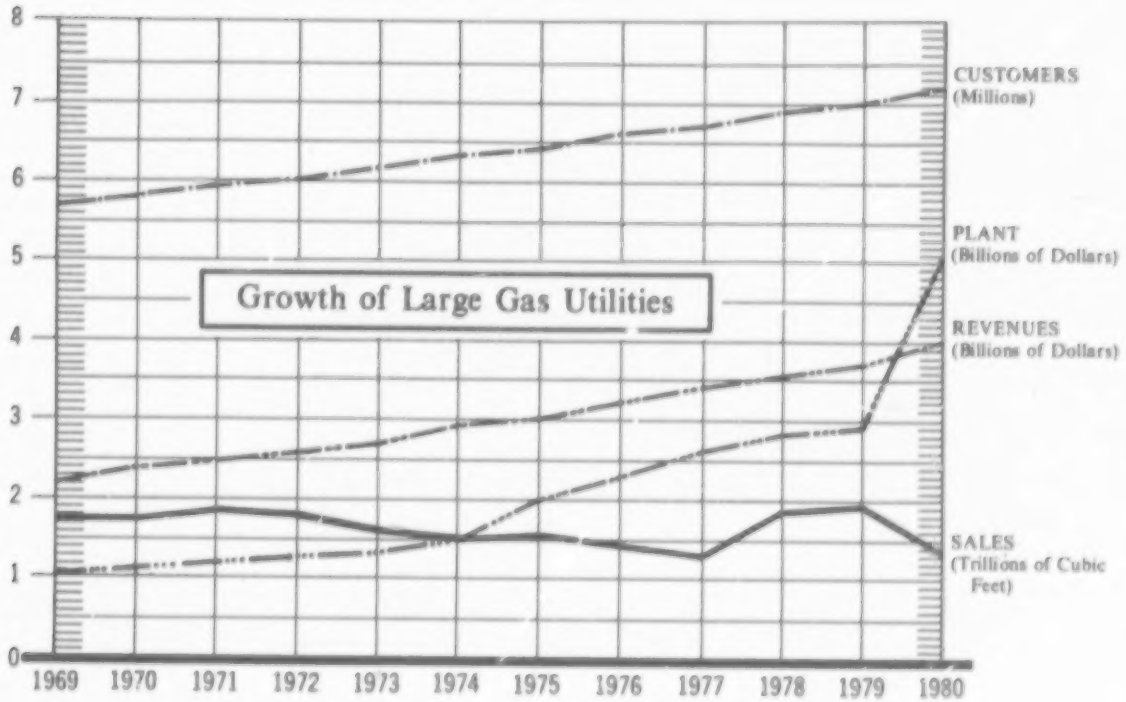


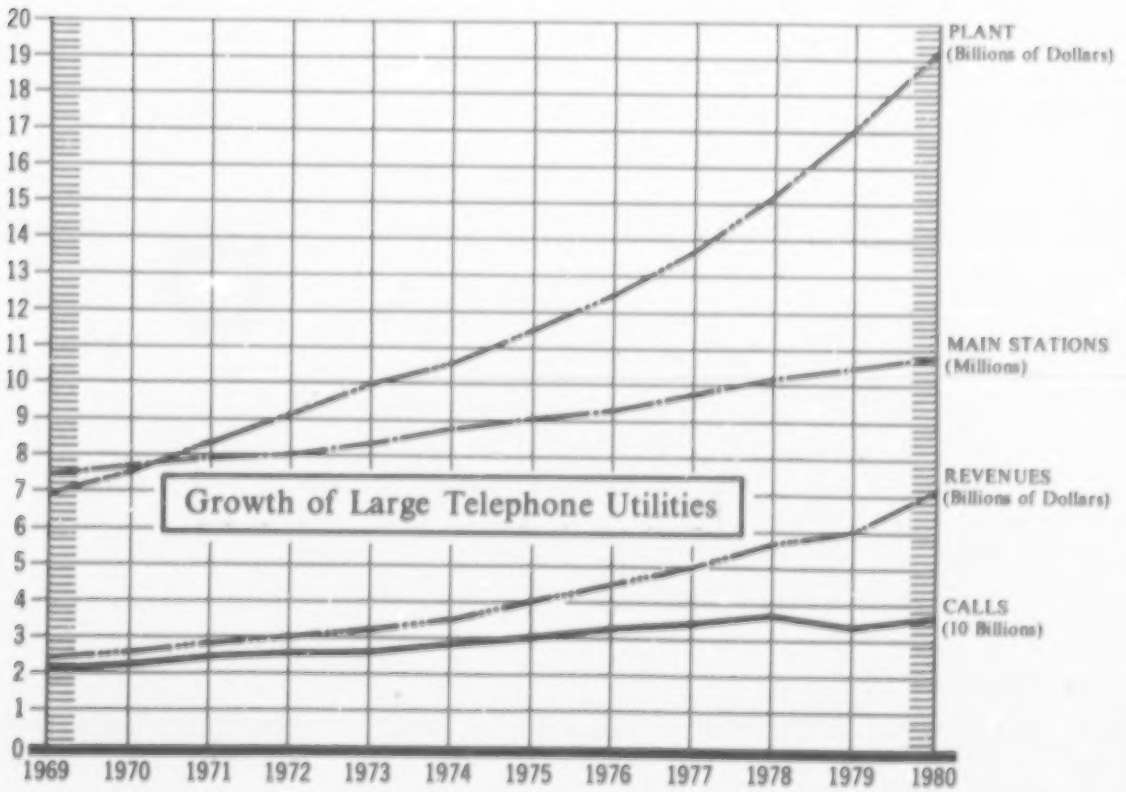
NOTE: Distribution percentage allotted to Depreciation + Operating Taxes + Operating Expenses + Net Operating Revenue = 100% = Gross Operating Revenue.

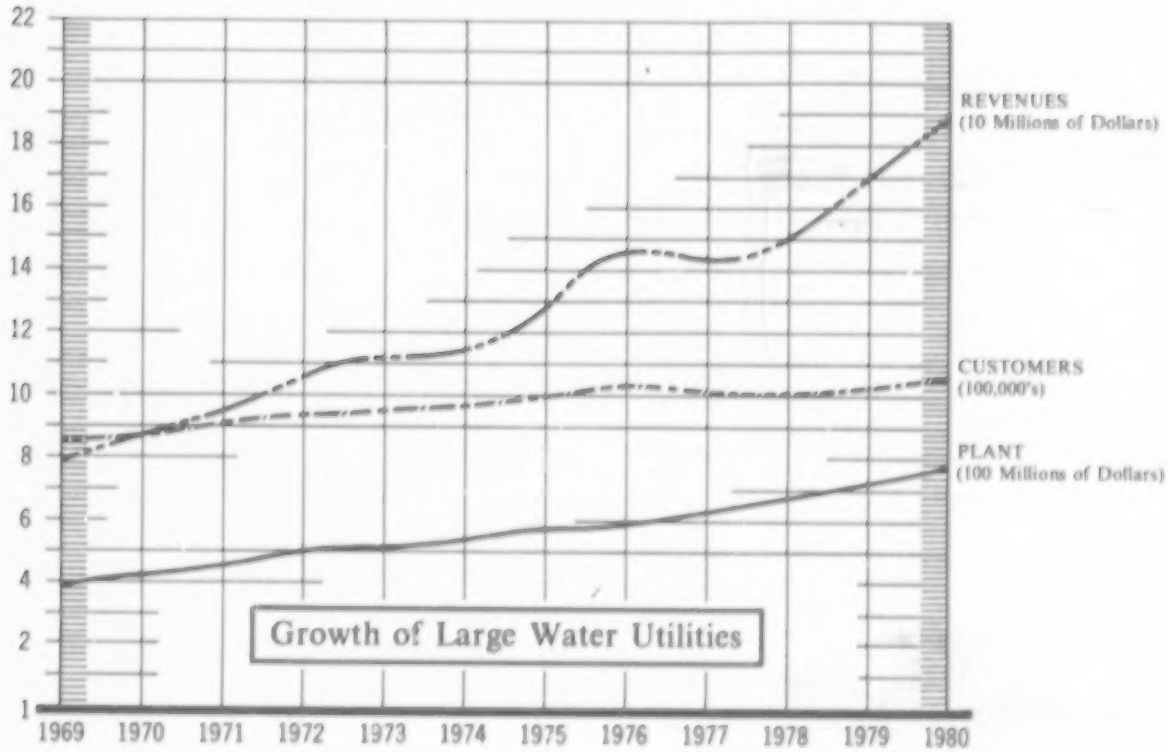
DISTRIBUTION OF GROSS OPERATING REVENUE LARGE WATER UTILITIES IN CALIFORNIA

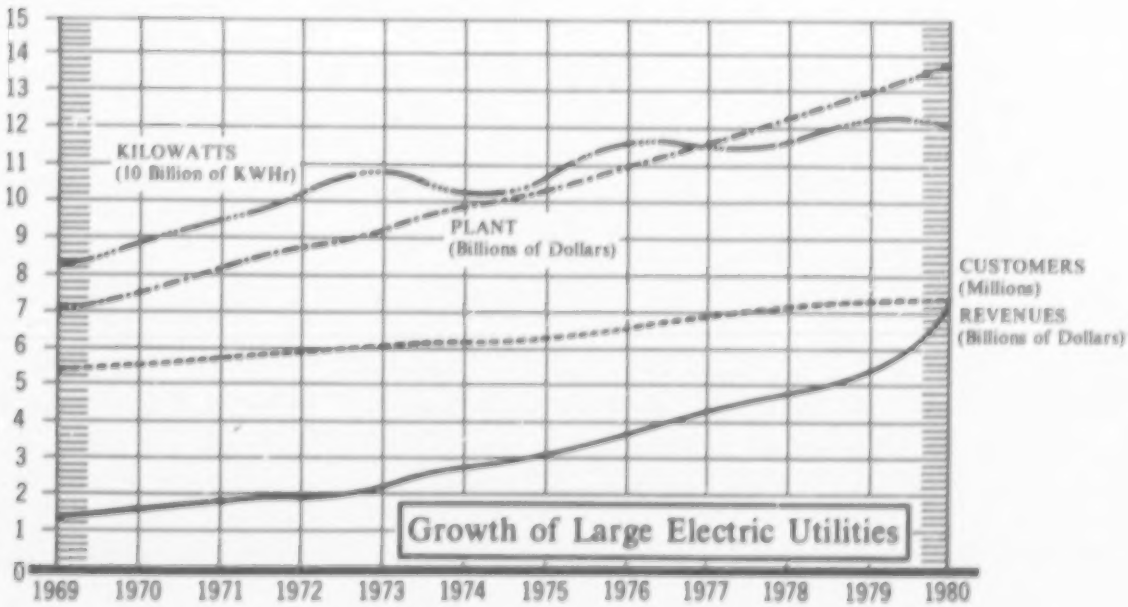


NOTE: Distribution percentage allotted to Depreciation + Operating Taxes + Operating Expenses + Net Operating Revenue = 100% = Gross Operating Revenue.

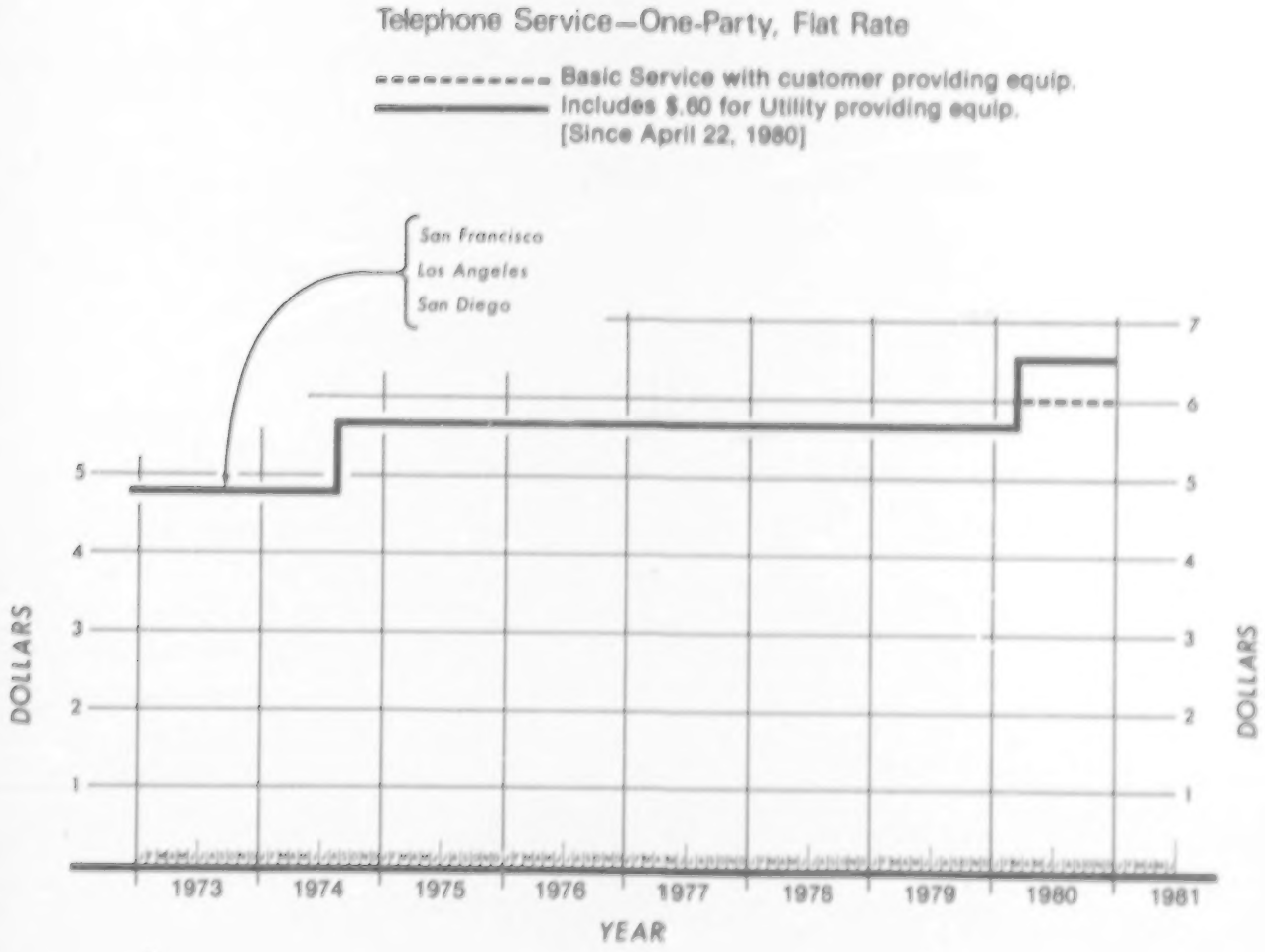

Growth of Large Gas Utilities
CUSTOMERS
(Millions)
PLANT
(Billions of Dollars)
REVENUES
(Billions of Dollars)
SALES
(Trillions of Cubic Feet)
0
1
2
3
4
5
6
7
8
1969
1970
1971
1972
1973
1974
1975
1976
1977
1978
1979
1980


Growth of Large Telephone Utilities
PLANT
(Billions of Dollars)
MAIN STATIONS
(Millions)
REVENUES
(Billions of Dollars)
CALLS
(10 Billions)
0
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
1969
1970
1971
1972
1973
1974
1975
1976
1977
1978
1979
1980

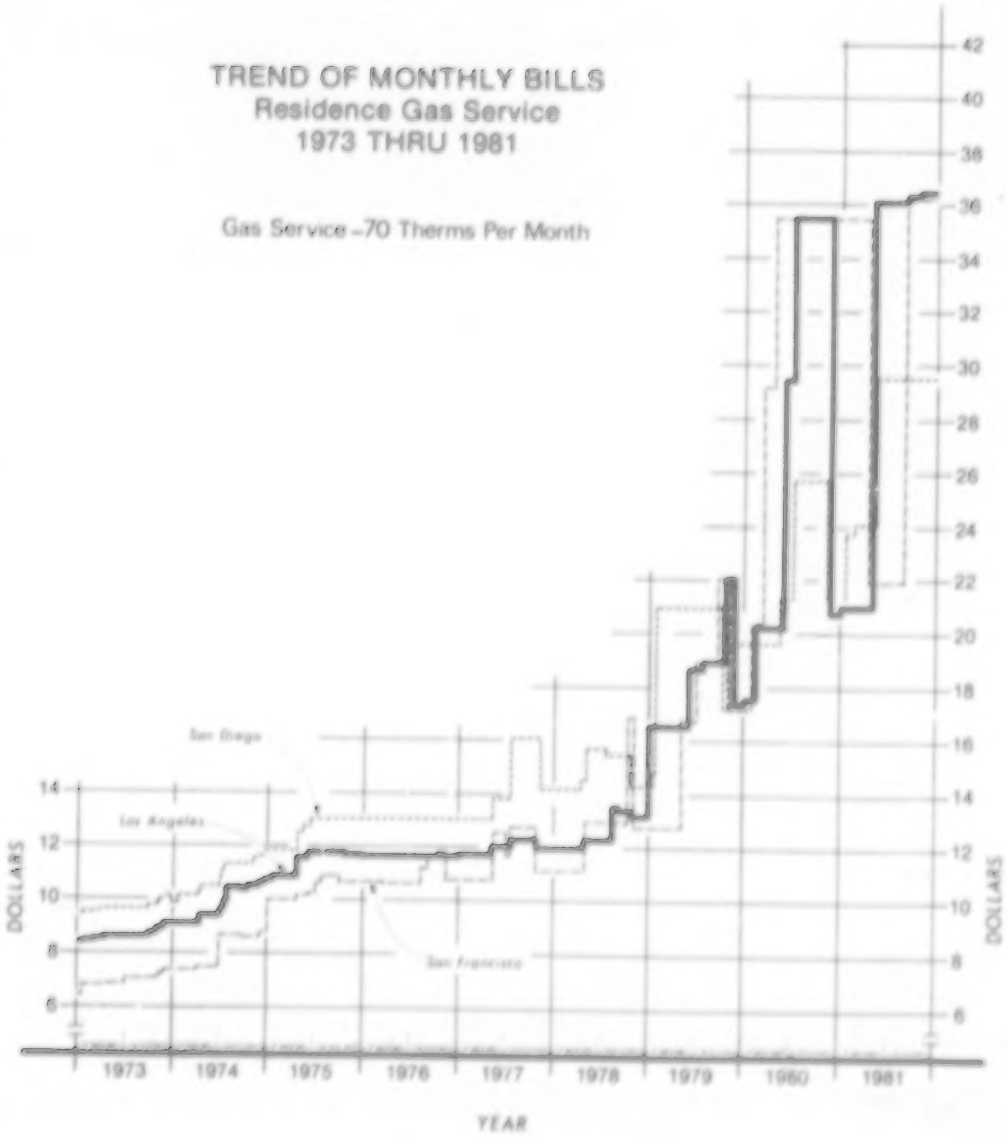

22
20
18
16
14
12
10
8
6
4
2
1
1969 1970 1971 1972 1973 1974 1975 1976 1977 1978 1979 1980
REVENUES
(10 Millions of Dollars)
CUSTOMERS
(100,000's)
PLANT
(100 Millions of Dollars)
Growth of Large Water Utilities

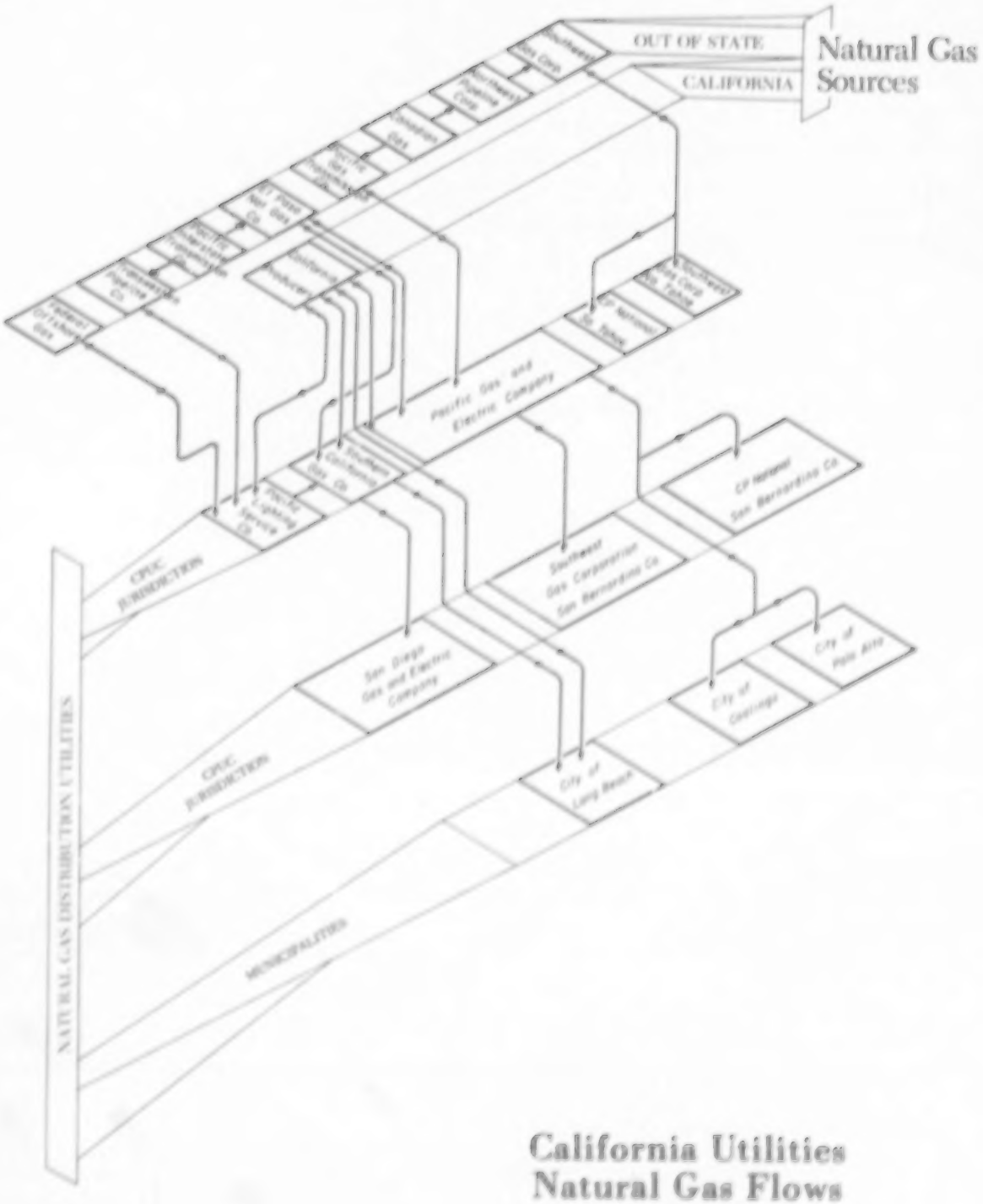

15
14
13
12
11
10
9
8
7
6
5
4
3
2
1
0
1969 1970 1971 1972 1973 1974 1975 1976 1977 1978 1979 1980
KILOWATTS
(10 Billion of KWHr)
PLANT
(Billions of Dollars)
CUSTOMERS
(Millions)
REVENUES
(Billions of Dollars)
Growth of Large Electric Utilities

TREND OF MONTHLY BILLS
Residence Telephone Service
1973 THRU 1979



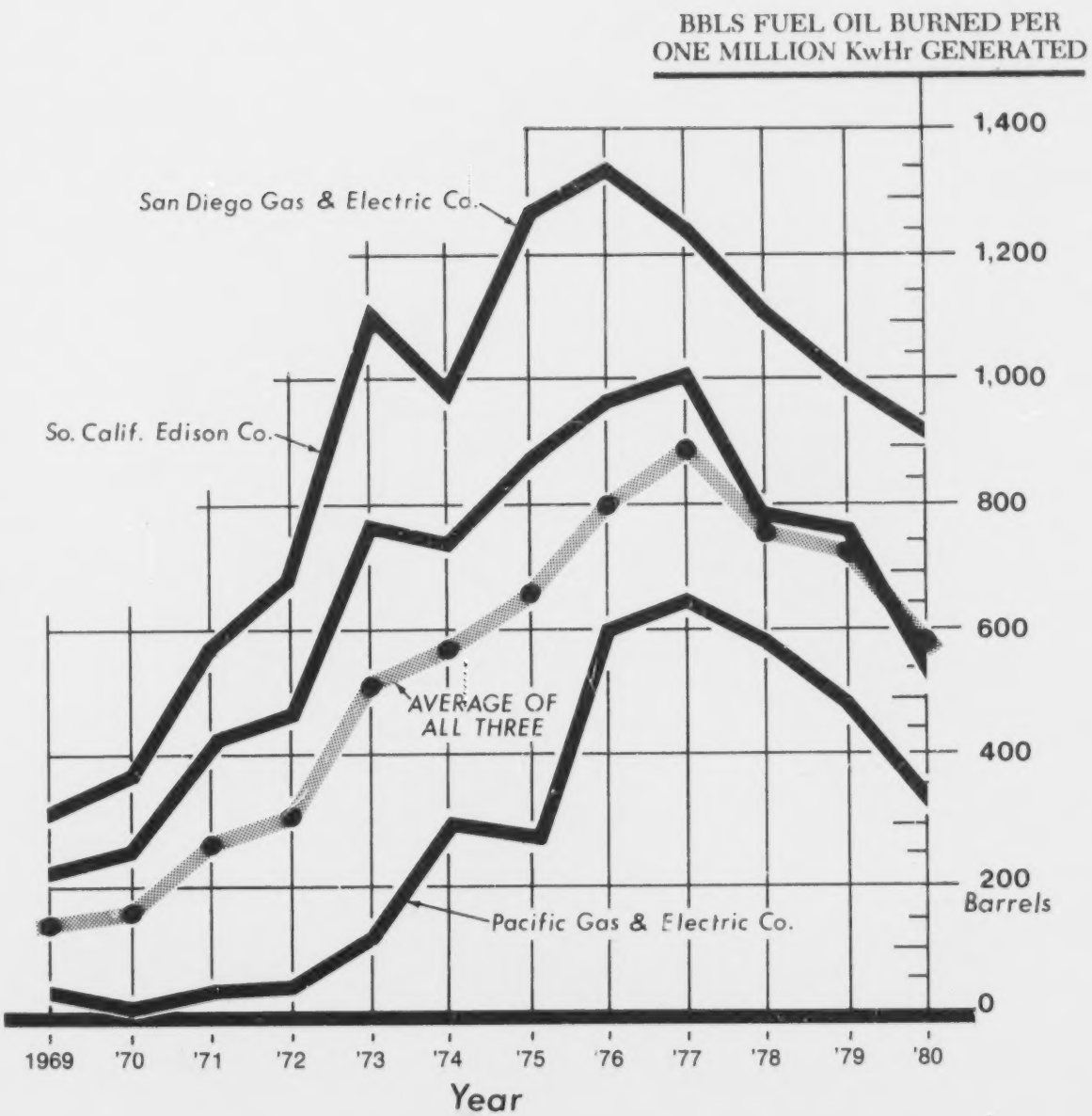
TREND OF MONTHLY BILLS
Residence Electric Service
1973 THRU June 1981
Electric Service – 300 KwHr Per Month
San Diego
(San Diego Gas & Electric Co.)
Los Angeles
(Los Angeles Dept. of Water and Power)
San Francisco
(Pacific Gas & Electric Co.)
DOLLARS
DOLLARS
27
26
25
24
23
22
21
20
19
18
17
16
15
14
13
12
11
10
9
8
7
6
1973
1974
1975
1976
1977
1978
1979
1980
1981
YEAR


TREND OF MONTHLY BILLS
Residence Gas Service
1973 THRU 1981
Gas Service – 70 Therms Per Month
San Diego
Los Angeles
San Francisco
DOLLARS
DOLLARS
14
12
10
8
6
42
40
38
36
34
32
30
28
26
24
22
20
18
16
14
12
10
8
6
1973
1974
1975
1976
1977
1978
1979
1980
1981
YEAR



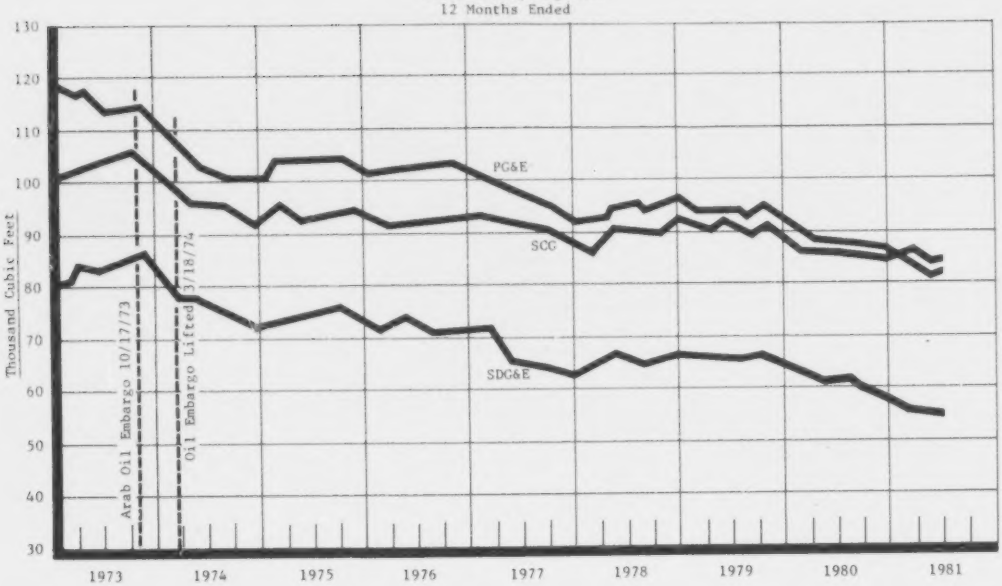
California Utilities
Natural Gas Flows
July, 1981

Fuel Oil Portion of the Mix Needed to Generate One Million KwHr of Electricity



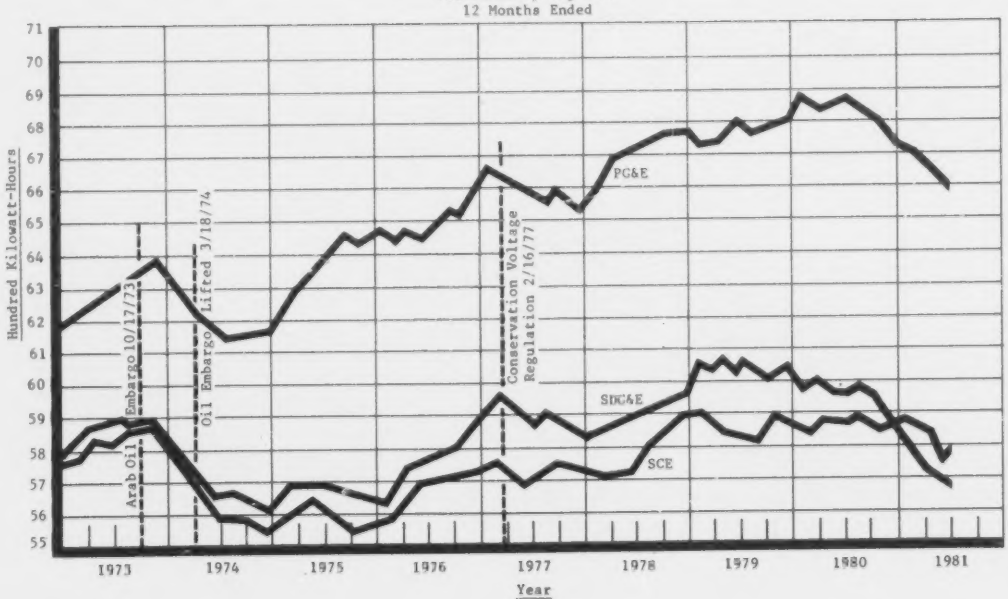
GAS

Climatically Adjusted
12 Months Ended

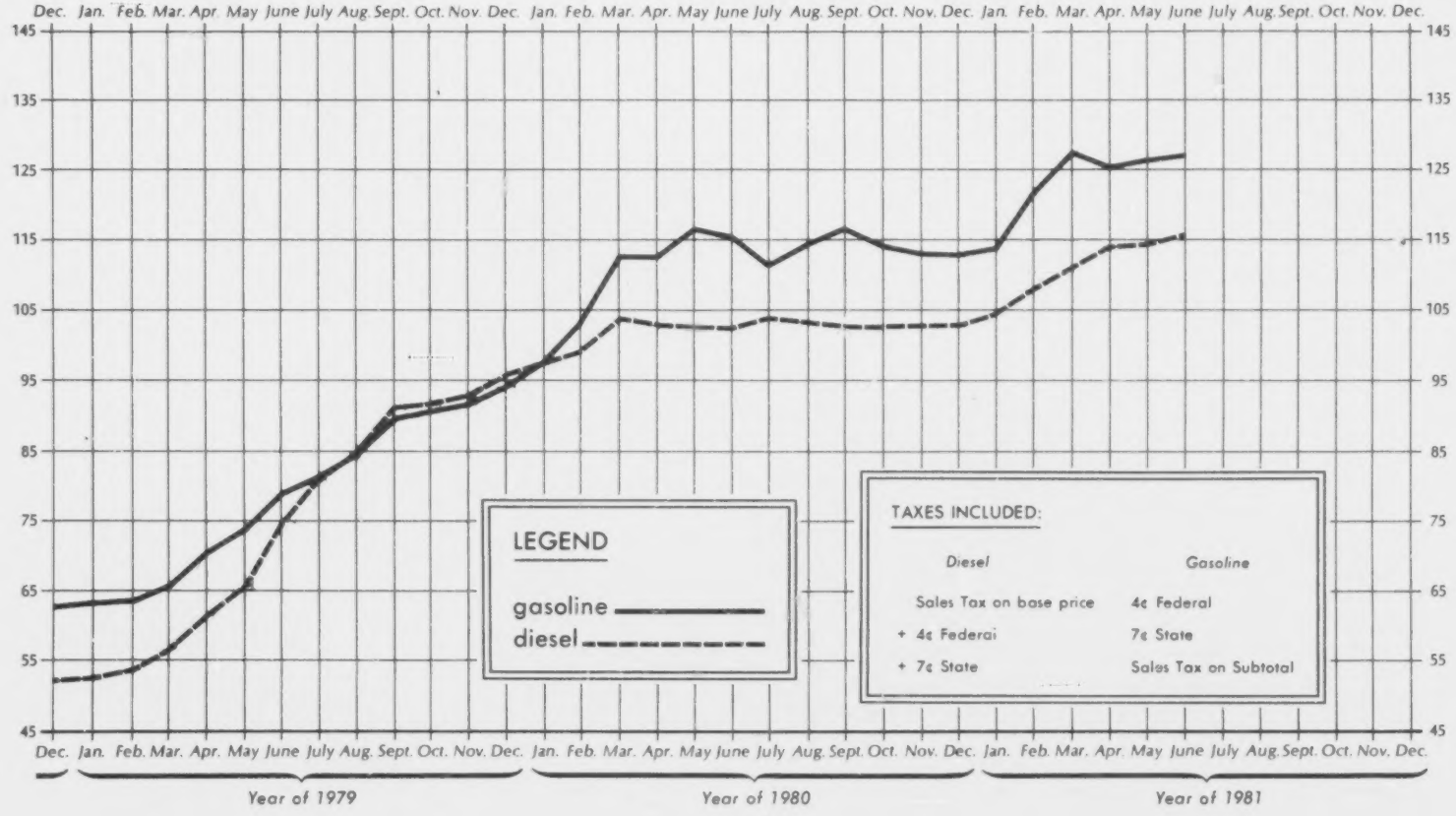


ELECTRICITY

Climatically Adjusted
12 Months Ended



WTD. AVE. FUEL COST
ALL EQUIPMENT



Statistical Section

TRANSPORTATION

MINIMUM RATE TARIFF INCREASES
1980–1981 FISCAL YEAR

TRANSPORTATION	PERCENT INCREASE	DOLLAR INCREASE (IN THOUSANDS)
Livestock MRT 3-A	9.7	1,609
Household Goods MRT 4-B	15.4	10,500
Fresh Fruits & Vegetables MRT 8-A	13.0	4,219
Cement MRT 10	3.5	2,600
Automobile Truckaway MRT 12-A	14.0	4,268
Bulk Agricultural Commodities MRT 14-A	19.0	12,900

Fuel Cost Adjustments

TRANSPORTATION	PERCENT INCREASE	DOLLAR INCREASE (IN THOUSANDS)
Dump Truck MRT 7-A	2.25	
Southern California Dump Truck Zones Rates MRT 17-A	2.25	
Northern California Dump Truck Zones Rates MRT 20	2.25	
Used Household Goods MRT 4-B	.50 (Hourly) 1.00 (Distance)	16,700 For all MRTs
Fresh Fruits & Vegetables MRT 8-A	2.00 (LTL) 2.50 (TL)	
Bulk Agricultural Commodities MRT 14-A	3.00	
Mobile Homes MRT 18	3.00	
Livestock MRT 3-A	2.00 (Under 75 miles) 3.20 (Over 75 miles)	
Cement MRT 10	2.75	
Automobile Truckaway MRT 12-A	1.75	

Tariff & License Branch Statistics Section

Tariff and Contract Filings	Number of Carriers
Adopted Minimum Rate Tariffs and Transition Tariffs	2900
Participate in Bureau or Agency Tariffs	1400
Publish Own Tariffs	120
File Subhaul Affidavits	4600
Contracts (Other Than Rate Reductions and Me Too)	910 [1]
Competitive Rate Filings (Me Too)	260 [2]

[1] Carriers have filed about 8000 contracts.
[2] Carriers have filed about 600 "Me Too" requests.

Tariff Filings	Number of Carriers	Number of Tariffs on File
Railroads	34	205
Highway Common Carriers	9824	289
Petroleum Irregular Route Carriers	104	
Cement Carriers	176	
Express Corporations	18	118
Freight Forwarders	37	42
Airlines	36	43
Vessels	9	10
Pipelines	5	23
Carloading Companies	1	1
Wharfingers	1	1

Insurance and Bond Filings of Highway Carriers of Property

Public Liability and Property Damage	30,364
Cargo Insurance (Household Goods Carriers)	1,353
Insurance Cancellations	25,881
Insurance Reinstatements	4,010
Surety Bond and C.O.D. Bonds	510
Total	62,118

Highway Carrier Operating Authorities

Processing of highway carrier permits and certification in fiscal year 1980–81 includes:

Permits		
New Permits	5,950	
Transfers	1,353	
Revocations	5,391	
Motor Transportation		
Broker Licenses	1	
Total		12,695
Certificates		
New Certificates and Extensions	19	
Revocations	854	
Transfers	71	
Total		944

SUMMARY OF ROAD CHECKS
(Intrastate)

	Number
Road Checks	8
Carriers Reviewed	451
Violations Disclosed	107
Man-Days at Check Sites	27

DISTRICT OFFICE ACTIVITIES

	Amount
Telephone Inquiries	134,303
In Person Inquiries	33,593
Applications for New Operative Authority Processed	4,255
Amendments of Existing Operating Authority Processed	162
Remittances Processed (fees, fines, penalties, etc.)	$1,088,366

SUMMARY OF INVESTIGATIONS COMPLETED

	Number
OPERATING AUTHORITY	
Highway Carriers of Property	1,140
Charter Party Passenger Carriers	210
RATE AND TARIFF	
Highway Carriers of Property	4,969
Industrial Locations	206
Surety Bond Investigations	374
Total Investigations	6,899

SUMMARY OF INFORMAL COMPLAINTS

	Number	Amount
Delinquent Subhaul Monies Secured from Prime Carriers	116	$208,835
Household Goods Carrier Complaints	707	
Property Complaints other than Household Goods	886	
Household Goods Overcharge Settlements	181	30,163
Other Property Overcharge Settlements	29	5,406
Household Goods Loss & Damage Settlements	75	22,881
Other Property Loss & Damage Settlements	55	28,754
Household Goods Carrier Fines	47	7,107

INFORMAL DISCIPLINARY ACTIONS

Type of Action	Number
Carrier Conferences	
Certificated	82
Radial & Contract	357
Household Goods	56
Dump	82
Other	20
Total	597
District Attorney Citations	
Certificated	0
Radial & Contract	16
Household Goods	0
Dump	3
Other	1
Total	20

INFORMAL DISCIPLINARY ACTIONS (cont'd)

	Number	Amount	Fines Assessed
Misdemeanor Convictions			
Certificated	1		$500
Radial & Contract	33		3,365
Household Goods	8		2,800
Dump	4		800
Other	12		3,030
Total	58		$10,495
Undercharge Letters	22	$12,352	
Overcharge Letters	6	1,462	
Citation Forfeitures	67	–	$38,250
Undercharge Citations	25	–	$152,322

FORMAL INVESTIGATION PROCEEDINGS

Formal Cases submitted 5. O.I.I.'s issued by the Commission 8.

FORMAL DISCIPLINARY ACTIONS

Decisions 15 Totaling: $27,550.00 Punitive; $328,545.23 Undercharges; $69,657.84 Underpayments to Subhaulers; $1,918.22 Underestimating Penalties; $2,709.09 Overcharge Refunds; $148.68 Rate Fund and Business License Tax; $84,859.32 Underpayment to other carriers (Alter-ego case).
Totaling $515,248.38 in fines ordered.
Collected from Formal Cases $57,524.59.

NUMBER OF SHIPMENTS COMPLETED

	Formal	Undercharge Citation	Priority	Non-Priority	Rate Quotes
RAU	843	1,503	232	291	90

GRADE CROSSING ACCIDENTS

	Number of Accidents	Persons Killed	Persons Injured
Vehicle-Train Accidents			
At public crossings	409	27	119
At private crossings	52	4	8
Between crossings	–	–	–
Total	461	31	127
Other Accidents			
Miscellaneous	12	1	3
Pedestrian Accidents	4	2	2
Total Other Accidents	16	3	5
Total Accidents	477	34	132

Notes:
"Vehicle" includes automobile, bus, truck, or motorcyle.
"Between Crossings" accidents take place where railroad trains operate longitudinally on paved streets.
"Miscellaneous" includes: First, all vehicles which had no contact with the train, but struck track maintenance equipment; second, those accidents where the train struck a bicycle, farm tractor or similar conveyance.

SUMMARY OF GRADE SEPARATION PROGRAM
1980–81 FISCAL YEAR

Name of Project	Local Agency	RR	State's Share
Herndon Avenue	Fresno County	AT&SF	$1,862,400
East Grand Avenue	So. San Francisco	SPT Co.	8,333,333
Pine Lodge OH's	CALTRANS	AT&SF	3,567,450
Bernal Road	San Jose	SPT Co.	2,084,000
Imperial HWY	Norwalk	SPT Co.	3,255,200
Hollywood Way	Los Angeles County	SPT Co.	* 4,882,763
SUPPLEMENTALS			1,014,854
			$25,000,000

* Full amount request = $7,486,400.

AUTOMATIC PROTECTION INSTALLED AT GRADE CROSSINGS—1980

County	Column I New Crossings With Automatic Protection	Column II Initial and Improved Automatic Protection	Column III Automatic Gates (Included in Columns I & II)
Alameda	1	5	6
Butte	1	3	2
Colusa	–	1	1
Contra Costa	–	2	1
Eldorado	–	1	1
Fresno	1	7	8
Kern	1	–	–
Los Angeles	4	24	21
Madera	–	1	1
Marin	–	4	4
Merced	–	4	4
Monterey	–	1	1
Napa	–	2	–
Orange	4	4	6
Placer	–	4	4
Plumas	–	1	1
Riverside	3	3	5
Sacramento	–	3	–
San Bernardino	1	5	5
San Francisco	3	–	3
San Joaquin	1	15	15
San Mateo	–	2	1
Santa Clara	3	10	11
Shasta	–	1	1
Siskiyou	–	2	2
Solano	–	2	1
Sonoma	–	4	4
Stanislaus	–	7	5
Sutter	–	1	1
Tulare	2	16	12
Ventura	2	–	2
Total	27	135	129

SUMMARY OF ALLOCATIONS FROM CROSSING PROTECTION FUND AS OF JUNE 30, 1981

Action on Request	Number of Requests	Estimated Cost	Total Allocation Requests	Allocations to Cities-Counties
Approved	2,886	$60,012,097	$13,991,800	$13,452,908
Denied	39	410,479	98,694	–
Pending	–	–	–	–
Total Requests Filed	2,925	$60,422,576	$14,090,494	$13,452,908
Returned to Fund (Final Cost Less than Allocation)				$1,421,059
Net Amount Allocated to Cities & Cos.				$12,031,849
Total Amount Appropriated				$12,700,000
Balance in Fund Unallocated				$668,151
Pending Allocation Requests				–

SAFETY PROGRAMS—RAILROAD OPERATIONS

The table below summarizes the staff functions in dealing with problems and in obtaining compliance with several State statutes and Commission General Orders applying to the health and safety of common carrier railroads, operating and non-operating employees, passengers, and the public.

	1976–77	1977–78	1978–79	1979–80	1980–81
1. Accident Reports analyzed and tabulated (calendar year)	3509	3326	3680	3235	3180
2. Accidents investigated in detail (calendar year)	360	212	273	187	213
3. Impaired clearance conditions processed	1424	1254	1704	1470	825
4. Walkways and other unsafe conditions processed	2191	2057	2560	2047	1686
5. Equipment Safety Inspection	–*	–*	–*	–*	–*
6. Informal Complaints filed	317	268	222	180	238

* Due to lack of personnel, the staff has been unable to continue this activity since 1971.

1980–81 DECISIONS GRANTING NEW COMMON CARRIER CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY FOR PASSENGER STAGE AND VESSEL SERVICES

NEW RECREATIONAL AND SIGHTSEEING PASSENGER STAGE SERVICES

Application No.	Decision No.	Certificate Issued To	For Services Between
56580	90518	O'Conner Limo Serv., Inc.	S.F., Sonoma, et al
58983	91463	American Camping Tours	S.F., L.A., et al
59222	92647	S.A. Messnick (The Coordinators)	Orange County & Universal Studio
59254	91299	World Wide Joye Tours	All points in Calif., with return to Fresno
59382	92046	Exp Tours Unltd.	S.F. & Hearst Castle
59433	93328	M. Chapman (Round Town Tours)	L.A. & Orange Counties
59466	91812	Y. Walker, et al (Travel Fantasies)	S.F. & San Jose
59517	92524	N.O. Willoughby (Cabare Tours)	L.A. & Marina Del Rey, et al
59544	92010	Party Lines, Inc.	Points in S.F. & Sonoma County
59608	91835	River Rat & Co.	Ancil Hoffman Park, Arden Bar, et al, Fair Oaks
59689	93173	Exp Tours Unltd.	Points in Alameda Co., et al & Yosemite National Park
59725	92339	B. Hickey, et al, (Araglen Tours)	S.F. & Mt. Tamalpais Park
59974	93173	Exp. Tours Unltd.	S.F., et al.
60091	92826	Gray Line Tours, Inc.	Newport Beach Harbor

1980–81 DECISIONS GRANTING NEW COMMON CARRIER CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY FOR PASSENGER STAGE AND VESSEL SERVICES

NEW AIRPORT ACCESS PASSENGER STAGE SERVICES

Application No.	Decision No.	Certificate Issued To	For Services Between
57965	91960	Lorrie's Travel & Tours	South of Market, S.F. & S.F. Intrnl. Airport
59012	91773	E. S. Jaros (Airport Bus Service)	Shasta County
59082	92196	Airport Limo Serv. of Sunnyvale	Sta. Clara, et al, Counties & S. F. Intrnl. Airport
59086	91933	Airborn of Sonoma Co. Inc.	Sonoma County & S.F. Intrnl. Airport
59098	92196	P.S.P.A. Corp. (Airport Connection)	S.F. Intrnl. Airport & San Jose Airport, et al.
59245	92290	W. Carroll	San Marcos & San Diego Intrnl. Airport
59368	91954	Amador Stage Lines, Inc.	Points in Sacramento, Yolo, et al, Counties & S.F. Intrnl. Airport
59437	92134	Great American Stageline, Inc.	Santa Barbara & L.A. Intrnl. Airport
59494	91938	R.L. Miller (Country Club Limo)	Palm Springs Airport & hotel/motel, Coachella Valley area
59814	92389	Airport Passengers, Inc.	Stockton & S.F., et al, Airports
59852	92282	Vandenberg Limo. Serv. (SL Obispo Airport Bus)	San Luis Obispo Airport & various points in SL Obispo County
60003	92565	Sonoma Airporter, Inc.	Sonoma & S.F. Intrnl. Airport

1980–81 DECISIONS GRANTING NEW COMMON CARRIER CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY FOR PASSENGER STAGE AND VESSEL SERVICES

NEW "HOME-TO-WORK" PASSENGER SERVICES

Application No.	Decision No.	Certificate Issued To	For Services Between
58944	90728	W.L. Parker (Ft. Irwin Bus Pool)	San Bernardino County
59024	91818	Campesinos Unidos	Niland & El Centro
58987	91139	Bull-Lick, Inc.	Spring Valley & San Diego
59260	92278	G.E. Hanford, et al (Mountain Area Tran. Co.)	San Bernardino & Big Bear Lake
59449	91602	P.L. Heine	Fort Bragg & Westport
59453	91820	I. Hamamoto (Mariposa Stage Lines)	Mariposa & El Portal
59480	91761	A. Cook (Desert Stage Lines)	Twenty-Nine Palms & Palm Springs
59500	92201	R. H. Souza (Altamont Tours)	Tracy & South San Francisco
59520	91782	D. Clemente (Dennis Charter Serv.)	Sacramento & Mare Island
59525	91536	Antelope Valley Bus	Santa Clara Valley & L.A.
59542	91886	R.E. Trahan (Get-A-Way Lines, Inc.)	Points in L.A. & Orange Counties, et al.
59558	92032	Miramar Inn	Motel & Trucking Terminal & Miramar Rd., Poway
59576	91883	W. Blodgett (Lake County Tran.)	Clear Lake Highlands, etc.
59587	92139	Fortier Transportation Co.	Atwater & Lemoore Naval Air Station
59611	91944	D. Evans (Evans Transp.)	Etna, et al, & Yreka
59627	91940	L.L. Wilson (Royal Bus Lines)	Santa Rosa & United Airlines, S.F.
59654	92087	Storer Transp. Serv.	Hickman, et al.
59723	92325	G.L. Freed (Calaveras Tran. Co.)	Sonora & Jackson
59800	92090	Airport Commuter	Concord & S.F. Intrnl. Airport
59811	92088	Kern County Transp. Servs. (KARE)	Kernvale, et al.
59813	92597	Commuter Bus Lines, Inc.	Additional stops on Route A, Roseville
59877	92221	Petterson Bus Co.	Calistoga, et al.
59913	92522	San Luis Transp. Inc. (So. County Exp)	San Luis Obispo, Arroyo Grande, Morro Bay
60040	92775	American Buslines, Inc.	L.A. & San Bernardino
60111	92599	San Luis Transp., Inc. (So. Co. Area Tran.)	San Luis Obispo County

1980–81 DECISIONS GRANTING NEW COMMON CARRIER CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY FOR PASSENGER STAGE AND VESSEL SERVICES

NEW INTERCITY PASSENGER STAGE SERVICE

Application No.	Decision No.	Certificate Issued To	For Services Between
58457	91279	American Buslines, Inc.	L.A. & Calexico
58878	90945	T. Bateman	Ridgecrest & Trona
59192	91152	Lake County Tran	Lake County & portion of Mendocino County
59646	92144	Surtrans, Inc. (Coast Lines)	Monterey & San Luis Obispo

NEW VESSEL SERVICE

59193	91925	Blue & Gold Fleet	S.F., et al

1980–81 FARE INCREASES AUTHORIZED
PASSENGER CARRIERS

Application No.	Decision No.		Estimated Annual Intrastate Revenues	
			Under Present Fares	Under Fares Authorized
59107	92281	Commute Service, Inc.	$38,220	$46,960
59218	91754	Mark IV Charter Lines	25,300	38,900
59241	91775	Yosemite Park & Curry Co.	544,554	599,099
59340	91301	Skipper's 22nd St. Landing	7,735	10,644
59394	91830	H. Tourist, Inc. (Catalina Island Cruises)	5,485,000	6,895,000
59411	91776	24-Hour Airport Express	1,301,584	1,539,244
59442	91875	G. Bowen, et al (E. Val Commute)	31,675	44,625
59501	92136	E. Reynolds (Coronado Livery)	82,093	140,730
59567	92085	Catalina Passenger Service	502,577	690,000
59568	91882	Vandenberg Limo Service	54,104	59,127
59572	92482	R. C. Kelsey (Sierra Lines)	98,600	181,000
59598	92206	Bay Rapid Transit Co., Inc.	13,350	22,200
59623	92136	E. Reynolds (Coronado Livery)	91,815	157,380
59624	91833	Gray Line, Inc.	5,390,963	5,618,117
59630	91834	SFO Airporter	4,086,642	4,583,312
59658	92044	Airport Limo Serv. of Sunnyvale	2,970,000	3,117,000
59666	92145	J. J. Warfield (Sunday Buslines)	63,600	72,000
59679	92961	Franciscan Lines, Inc.	167,580	221,831
59682	92207	Whippet Charter Service	115,300	134,200
59698	92335	G. L. Freed (Calaveras Tran. Co.)	35,668	45,630
59705	92089	Lorrie's Travel & Tours, Inc.	814,766	1,118,742
59727	92527	Orange Belt Stages	325,640	358,200
59737	92149	Skyview Limo. Service, Inc.	213,289	243,115
59753	92148	SFO Airporter, Inc.	4,877,012	5,452,112
59771	92561	Antelope Valley Bus	1,832,539	2,359,869
59773	92809	Harbor Carriers, Inc.	695,000	1,038,000
59783	92601	Yuba-Sutter Airporter	42,000	48,400
59804	92286	F.E. Russ, et al (Celebrity Tours of Palm Springs)	51,009	74,616
59812	92209	Franciscan Lines, Inc.	200,361	223,657
59824	92420	Starline Sightseeing Tours	211,443	245,309
59846	92740	Trailways, Inc. & American Buslines, Inc.	5,347,700	5,895,100
59865	92429	Gray Line Tours Co.	9,037,644	9,173,621
59870	92390	Gray Line Tours Co.	19,387,722	19,576,815
59876	92336	H. Tourist, Inc. (Catalina Island Cruises)	5,641,516	5,644,693
59899	92975	Greyhound Lines, Inc.	67,930,000	70,638,000
59980	92348	SFO Airporter	5,452,100	5,835,500
60015	92847	Airport Service, Inc.	9,681,425	11,234,784
60018	92847	Orange Coast Sightseeing Co.	1,021,600	1,169,048
60026	92483	Gray Line Tours Co.	21,362,900	23,044,200
60051	92566	Luxe Livery Serv., Inc.	1,125,888	1,293,082
60099	92562	SFO Airporter, Inc.	4,577,768	5,410,090
60210	93144	Mendocino Coast Railway (Cal. Western RR)	1,497,300	1,650,400
60336	92902	Gray Line, Inc.	4,941,300	6,505,400

SUMMARY OF PRODUCTION
REPRODUCTION SERVICES
Fiscal Year 80/81

Month	Year	JOBS Model X-9400	JOBS Model KD150AF	JOBS Model AM4250	ORIGINALS Model X-9400	ORIGINALS Model KD150AF	ORIGINALS Model AM4250	COPIES Model X-9400	COPIES Model KD150AF	COPIES Model AM4250	TOTALS Jobs	TOTALS Originals	TOTALS Copies
July	80	603	769	95	16536	11561	275	361158	245603	137252	1467	28372	744013
Aug	80	333	758	134	12123	14325	210	288365	256422	101379	1225	26658	646166
Sept	80	377	738	123	13316	12029	249	231343	240145	103159	1238	25594	574647
Oct	80	359	776	104	11080	12484	219	256860	220348	114976	1239	23783	592184
Nov	80	352	634	74	11582	9874	148	241509	227257	59250	1060	21604	528016
Dec	80	418	731	34	13483	10116	82	340989	311895	32002	1183	23681	684886
Jan	81	494	841	71	15543	13480	122	327305	333209	46777	1406	29145	707291
Feb	81	406	733	154	10680	8654	348	198126	222492	141657	1293	19682	562275
Mar	81	327	1148	16	13917	14960	26	321889	438328	22800	1491	28903	783017
Apr	81	384	1136	64	16110	9863	200	347838	375251	64895	1584	26173	787984
May	81	381	1133	39	12587	11744	132	295068	413078	75235	1553	24463	783381
Jun	81	391	1124	56	13216	17091	453	247208	564813	105460	1571	30760	917481
													8,311,341

Note.—Does not include the following:

	Copies
12 Office copiers located at S.F. Headquarters	1,969,619
2 Office copiers located at Los Angeles	172,910
10 Office copiers located at Area & District Off.	294,296
1 Model X-3600 located at Los Angeles	497,633
	2,934,458

Grand Total 11,245,799

APPENDIX A

Utilities and Carriers Under Commission Jurisdiction

Electric Utilities	13
Gas Utilities	15
Telephone	26
Telegraph	1
Mobile Radiotelephone Utilities	48
Water Utilities	354
Sewers	18
Steam Heat Utilities	2
Specialized Carriers-Microwave	1
Pipelines	5
Commercial Air Operators	2,517
Charter-Party Carriers, Certificated	174
Charter-Party Carriers, Permits	702
Passenger Stages	223
Highway Common Carriers, Certificated	9,832
Cement Carriers, Certificated	194
Car Loading Companies	1
Freight Forwarders (except by air)	44
Express Corporations	15
Railroads	34
Inland Passenger Water Carriers, Certificated	16
Inland Water-Carriers, For-Hire	350
Vessels, Freight, Certificated	9

Permits in force, June 1, 1981 (Highway contract carriers, petroleum contract carriers, cement contract carriers, household goods carriers, dump truck carriers, seasonal highway contract carriers, livestock carriers, heavy specialized carriers, agricultural carriers, and seasonal agricultural and livestock carriers.) 37,478
These permits are held by 22,755 for-hire truck operators.

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PUBLIC UTILITIES COMMISSION

State of California

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